The Shanghai Commercial & Savings Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2013 and 2012 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
The Shanghai Commercial & Savings Bank, Ltd.

We have audited the accompanying consolidated balance sheets of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the six months ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the managements of the Bank and its subsidiaries. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Bank and its subsidiaries' managements, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Bank and its subsidiaries as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 and the results of their operations and their cash flows for the six months ended June 30, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks and accounting principles generally accepted in the Republic of China, and International Financial Reporting Standard No. 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the standalone financial statements of the Bank as of and for the six months ended June 30, 2013 and 2012 and have issued our report expressing an unqualified opinion on those statements.

August 24, 2013

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For reader's convenience, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If inconsistencies arise between the English version and the original Chinese version or if differences arise in the interpretation between the two versions, the Chinese version of the auditors' report and consolidated financial statements shall prevail.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 37,240,888	3	$ 81,421,293	6	$ 65,427,679	5	$ 67,523,351	5
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	231,146,094	17	230,403,343	17	164,744,080	13	173,128,149	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	34,873,722	2	28,422,113	2	29,854,634	3	29,468,500	2
DERIVATIVE FINANCIAL ASSETS FOR HEDGING, NET (Notes 4 and 28)	140,528	-	189,613	-	245,928	-	296,410	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 9)	986,987	-	730,712	-	4,658,140	-	5,579,661	1
RECEIVABLES, NET (Notes 4,10 and 32)	16,433,283	1	16,258,258	1	16,882,056	1	17,820,074	1
CURRENT INCOME TAX ASSETS (Note 4)	123,355	-	40,733	-	40,733	-	40,733	-
DISCOUNTS AND LOANS, NET (Notes 4, 11, 32 and 33)	725,587,451	53	656,688,212	49	647,863,539	52	636,418,527	50
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 12 and 33)	177,149,471	13	171,880,320	13	153,518,350	12	133,602,655	11
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 13 and 33)	121,880,605	9	125,137,107	9	133,604,114	11	173,884,651	14
EQUITY INVESTMENTS UNDER THE EQUITY METHOD, NET (Notes 4 and 14)	951,252	-	909,893	-	899,296	-	840,899	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	217,465	-	246,528	-	224,701	-	228,760	-
PROPERTIES, NET (Notes 4 and 16)	21,657,176	2	19,980,461	2	18,805,167	2	18,199,857	1
INVESTMENT PROPERTIES, NET (Notes 4 and 17)	415,228	-	513,803	-	382,240	-	35,827	-
DEFERRED INCOME TAX ASSETS (Note 4)	769,983	-	1,075,848	-	961,525	-	1,045,416	-
OTHER ASSETS, NET (Notes 4 and 18)	4,619,390	-	5,538,727	1	5,342,265	1	5,804,418	1
TOTAL	$ 1,374,192,878	100	$ 1,339,436,964	100	$ 1,243,454,447	100	$ 1,263,917,888	100
LIABILITIES AND EQUITY								
DUE TO THE CENTRAL BANK AND BANKS (Note 19)	$ 35,970,890	3	$ 44,942,497	3	$ 23,786,295	2	$ 23,670,601	2
BORROWINGS FROM THE CENTRAL BANK AND BANKS	1,499,450	-	5,808,000	-	-	-	20,932,855	2
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	2,163,666	-	510,609	-	553,801	-	474,469	-
DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING, NET (Note 4 and 28)	40,362	-	62,087	-	83,736	-	104,452	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4 and 20)	4,218,105	-	8,482,507	1	11,551,843	1	15,463,445	1
PAYABLES (Notes 21 and 32)	31,130,924	2	24,674,582	2	26,006,531	2	24,756,854	2
CURRENT INCOME TAX LIABILITIES (Note 4)	1,457,654	-	1,015,293	-	783,871	-	175,947	-
DEPOSITS AND REMITTANCES (Notes 22 and 32)	1,125,431,187	82	1,079,106,614	81	1,025,419,254	82	1,028,377,697	81
BANK DEBENTURES (Note 23)	33,140,260	3	35,189,440	3	20,245,149	2	15,295,357	1
OTHER FINANCIAL LIABILITIES (Note 24)	4,492,584	-	5,004,604	-	6,079,542	1	5,540,279	1
PROVISIONS (Notes 4 and 25)	1,086,199	-	1,100,097	-	976,999	-	1,065,373	-
DEFERRED INCOME TAX LIABILITIES (Note 4)	7,429,781	1	7,298,306	1	7,157,151	1	6,885,347	1
OTHER LIABILITIES (Notes 26 and 32)	2,367,842	-	2,512,157	-	3,119,975	-	2,685,596	-
Total liabilities	1,250,428,904	91	1,215,706,793	91	1,125,764,147	91	1,145,428,272	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 28)								
Share capital								
Ordinary shares	37,157,916	3	37,157,916	3	37,157,916	3	35,388,492	3
Capital surplus	4,624,995	-	4,618,140	-	4,618,140	-	4,611,242	-
Retained earnings								
Legal reserve	30,708,270	2	27,849,676	2	27,849,676	2	25,246,387	2
Special reserve	7,480,146	1	6,223,287	1	6,223,287	1	6,223,287	1
Unappropriated earnings	9,692,063	1	14,472,600	1	9,471,501	1	14,737,587	1
Total retained earnings	47,880,479	4	48,545,563	4	43,544,464	4	46,207,261	4
Other equity	2,949,315	-	2,924,459	-	2,691,304	-	2,604,037	-
Treasury stock	(83,144)	-	(83,144)	-	(83,144)	-	(83,144)	-
Total equity attributable to owners of the Company	92,529,561	7	93,162,934	7	87,928,680	7	88,727,888	7
NON-CONTROLLING INTERESTS	31,234,413	2	30,567,237	2	29,761,620	2	29,761,728	2
Total equity	123,763,974	9	123,730,171	9	117,690,300	9	118,489,616	9
TOTAL	$ 1,374,192,878	100	$ 1,339,436,964	100	$ 1,243,454,447	100	$ 1,263,917,888	100

The accompanying notes are an integral part of the consolidated financial statements.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30			
	2013		2012	
	Amount	%	Amount	%
INTEREST REVENUES	$ 13,278,186	100	$ 12,435,273	105
INTEREST EXPENSES	4,697,849	35	4,602,397	39
NET INTEREST	8,580,337	65	7,832,876	66
NET REVENUES OTHER THAN INTEREST (Note 4)				
Service fee incomes, net (Note 29)	2,660,080	20	2,369,647	20
Gains on financial assets and liabilities at fair value through profit or loss (Note 29)	338,848	3	184,899	2
Realized gains on available-for-sale financial assets	708,613	5	490,231	4
Foreign exchange gains, net	426,158	3	484,096	4
Share of profit of associates and joint ventures, net (Note 14)	34,836	-	68,900	1
Other net revenues (Note 32)	470,192	4	384,915	3
Total net revenues other than interest	4,638,727	35	3,982,688	34
CONSOLIDATED NET REVENUES	13,219,064	100	11,815,564	100
PROVISION FOR CREDIT ALLOWANCE (Notes 4 and 11)	402,491	3	222,605	2
OPERATING EXPENSES				
Personnel (Notes 4, 29 and 32)	2,899,241	22	2,764,193	23
Depreciation and amortization (Notes 4 and 29)	335,729	2	260,846	2
Other general and administrative	1,556,163	12	1,484,358	13
Total operating expenses	4,791,133	36	4,509,397	38
PROFIT BEFORE INCOME TAX	8,025,440	61	7,083,562	60
INCOME TAX EXPENSE (Notes 2 and 30)	(1,678,517)	(13)	(1,339,980)	(11)
CONSOLIDATED NET INCOME	6,346,923	48	5,743,582	49
OTHER COMPREHENSIVE INCOME				
Translation adjustments for foreign operations	2,245,783	17	(839,037)	(7)
Unrealized gain (loss) on available-for-sale financial assets	(1,355,332)	(10)	977,686	8

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30			
	2013		2012	
	Amount	%	Amount	%
Cash flow hedges	$ 16,177	-	$ 16,376	-
Share of the other comprehensive income of associates and joint ventures	(223)	-	191	-
Income tax relating to the components of other comprehensive income	(332,079)	(3)	(30,213)	-
Other comprehensive income for the period, net of income tax	574,326	4	125,003	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 6,921,249	52	$ 5,868,585	50
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 4,908,603	37	$ 4,414,901	38
Non-controlling interests	1,438,320	11	1,328,681	11
	$ 6,346,923	48	$ 5,743,582	49
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 4,933,459	37	$ 4,502,168	38
Non-controlling interests	1,987,790	15	1,366,417	12
	$ 6,921,249	52	$ 5,868,585	50
EARNINGS PER SHARE				
Basic	$1.32		$1.19	
Diluted	$1.32		$1.19	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 28)											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2012	$ 35,388,492	$ 4,611,242	$ 25,246,387	$ 6,223,287	$ 14,737,587	$ -	$ 2,694,872	$ (90,835)	$ (83,144)	$ 88,727,888	$ 29,761,728	$ 118,489,616
Appropriation of 2011 earnings												
Legal reserve	-	-	2,603,289	-	(2,603,289)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,308,274)	-	-	-	-	(5,308,274)	-	(5,308,274)
Share dividends	1,769,424	-	-	-	(1,769,424)	-	-	-	-	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	6,898	-	-	-	-	-	-	-	6,898	-	6,898
Net profit (loss) for the six months ended June 30, 2012	-	-	-	-	4,414,901	-	-	-	-	4,414,901	1,328,681	5,743,582
Other comprehensive income (loss) for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	(514,748)	585,639	16,376	-	87,267	37,736	125,003
Total comprehensive income (loss) for the six months ended June 30, 2012	-	-	-	-	4,414,901	(514,748)	585,639	16,376	-	4,502,168	1,366,417	5,868,585
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,366,525)	(1,366,525)
BALANCE AT JUNE 30, 2012	$ 37,157,916	$ 4,618,140	$ 27,849,676	$ 6,223,287	$ 9,471,501	$ (514,748)	$ 3,280,511	$ (74,459)	$ (83,144)	$ 87,928,680	$ 29,761,620	$ 117,690,300
BALANCE AT JANUARY 1, 2013	$ 37,157,916	$ 4,618,140	$ 27,849,676	$ 6,223,287	$ 14,472,600	$ (1,423,907)	$ 4,404,904	$ (56,538)	$ (83,144)	$ 93,162,934	$ 30,567,237	$ 123,730,171
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	1,256,859	(1,256,859)	-	-	-	-	-	-	-
Appropriation of 2012 earnings												
Legal reserve	-	-	2,858,594	-	(2,858,594)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,573,687)	-	-	-	-	(5,573,687)	-	(5,573,687)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	6,855	-	-	-	-	-	-	-	6,855	-	6,855
Net profit (loss) for the six months ended June 30, 2013	-	-	-	-	4,908,603	-	-	-	-	4,908,603	1,438,320	6,346,923
Other comprehensive income (loss) for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	1,027,423	(1,018,744)	16,177	-	24,856	549,470	574,326
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	-	4,908,603	1,027,423	(1,018,744)	16,177	-	4,933,459	1,987,790	6,921,249
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,320,614)	(1,320,614)
BALANCE AT JUNE 30, 2013	$ 37,157,916	$ 4,624,995	$ 30,708,270	$ 7,480,146	$ 9,692,063	$ (396,484)	$ 3,386,160	$ (40,361)	$ (83,144)	$ 92,529,561	$ 31,234,413	$ 123,763,974

The accompanying notes are an integral part of the consolidated financial statements.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net profit before income tax	$ 8,025,440	$ 7,083,562
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation expenses	217,261	175,700
Amortization expenses	118,468	85,146
Bad debts expenses	402,491	222,605
Losses (gains) on financial assets and liabilities at fair value through profit or loss	3,573	(108,628)
Interest expenses	4,697,849	4,602,397
Interest revenues	(13,278,186)	(12,435,273)
Dividend income	(31,747)	(117,913)
Share of profit of associates and joint ventures	(34,836)	(68,900)
Gains on sale of properties and equipment, net	(93,044)	2,107
Gains on disposal of investments	(531,997)	(294,141)
Reversal of impairment losses on available-for-sale financial assets	-	(13,580)
Other adjustments	432,520	698,839
Changes in operating assets and liabilities		
Decrease (increase) in due from the central bank and call loans to banks	(29,067,054)	7,928,820
Increase in financial assets at fair value through profit or loss	(4,968,260)	(172,971)
Decrease (increase) in receivables	(407,919)	204,044
Increase in discounts and loans	(62,672,723)	(14,542,075)
Increase in available-for-sale financial assets	(29,684,219)	(41,519,879)
Decrease in held-to-maturity financial assets	3,517,831	40,157,013
Decrease (increase) in other financial assets	29,063	(58)
Increase (decrease) in due to the Central Bank and banks	(9,689,693)	3,535,197
Increase (decrease) in financial liabilities at fair value through profit or loss	212,713	(44,298)
Decrease in securities sold under repurchase agreements	(4,264,402)	(3,911,602)
Increase in payables	6,276,874	1,928,199
Increase in deposits and remittances	33,212,994	1,205,917
Increase (decrease) in other financial liabilities	(512,425)	539,263
Increase in employee benefit provisions	(80,674)	(117,768)
Increase in other liabilities	45,728	645,949
Interest received	12,558,405	12,356,676
Dividend received	24,507	112,555
Interest paid	(4,634,038)	(4,404,061)
Income tax paid	(1,085,524)	(493,432)
Net cash provided (used) in operating activities	(91,261,024)	3,239,410

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2013	**2012**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	$ 25,432,311	$ 22,009,423
Acquisition of properties	(1,666,240)	(863,109)
Proceeds from disposal of properties	140,273	1,344
Increase in refundable deposits	(206,179)	(10,018)
Decrease in other assets	1,051,121	257,144
Acquisition of investment properties	(8,244)	(343,957)
Net cash generated from investing activities	24,743,042	21,050,827
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings from the Central Bank and banks	(4,308,550)	(24,179,779)
Issuance of bank debentures	-	5,000,000
Repayment of bank debentures	(2,000,000)	-
Decrease in guarantee deposit received	(61,463)	(192,114)
Change in non-controlling interest	(1,320,614)	(1,366,525)
Payment of cash dividend	(5,573,687)	(5,308,274)
Net cash used in financing activities	(13,264,314)	(26,046,692)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	6,788,023	(1,390,347)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(72,994,273)	(3,146,802)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	276,607,164	203,902,170
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 203,612,891	$ 200,755,368

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THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2013 and 2012:

	2013	**2012**
Cash and cash equivalents in consolidated balance sheets	$ 37,240,888	$ 65,427,679
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7		
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	165,385,016	130,669,549
Cash and cash equivalents in consolidated statements of cash flows	986,987	4,658,140
	$ 203,612,891	$ 200,755,368

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

The Bank is incorporated in Taiwan and engaged in various commercial banking businesses under related laws and regulations. The Bank has a head office in Taipei, 68 domestic branches and two foreign branches, Hong Kong branch and Dong Nai (Vietnam) branch.

The operations of the Bank's Trust Department include services related to planning, managing and operating a trust business as allowed under the Banking Law and Trust Law.

2. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 24, 2013.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. New, amended and revised standards and interpretations in issue but not yet effective

The Bank and its subsidiaries (the "Group") have not applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission ("FSC") has not endorsed the following new, amended and revised standards and Interpretations.

New, Amended or Revised Standards and Interpretations		Effective Date Announced by IASB (Note)
Endorsed by the FSC but the effective date have not yet been determined by the FSC		
Amendments to IFRSs	Improvements to IFRSs (2009) - amendments to IAS 39	January 1, 2009 or January 1, 2010
IFRS 9 (2009)	Financial Instruments	January 1, 2015
Amendments to IAS 39	Embedded Derivatives	Effective for annual periods ending on or after June 30, 2009

(Continued)

	New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Not yet endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs (2010) - amendments to IAS 39	July 1, 2010 or January 1, 2011

(Continued)

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 1	Government Loans	January 1, 2013
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosures	January 1, 2015
Amendments to IFRS 7	Disclosures - Transfers of Financial Assets	July 1, 2011
IFRS 9 (2010)	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendments to IAS 12	Deferred Tax - Recovery of Underlying Assets	January 1, 2012
Amendments to IAS 19	Employee Benefits	January 1, 2013
Amendments to IAS 27	Separate Financial Statements	January 1, 2013
Amendments to IAS 28	Investments in Associates and Joint Ventures	January 1, 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
Amendments to IAS 36	Recoverable Amounts Disclosures for Non-financial Assets	January 1, 2014
Amendments to IAS 39	Novation of derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
IFRIC 21	Levies	January 1, 2014

(Concluded)

Note: Unless otherwise noted, the above new and revised standards, amendments and interpretations are effective for annual periods beginning on or after the respective effective dates.

b. Significant impending changes in accounting policy resulted from new, amended or revised standards and interpretations in issue but not yet effective

   Except for the following items, the Group believes that the adoption of aforementioned new, amended or revised standards or interpretations will not have a significant effect on the Bank's accounting policies.

   1) IFRS 9, "Financial Instruments"

      Under IFRS 9, all recognized financial assets currently in the scope of IAS 39, "Financial Instruments: Recognition and Measurement," will be subsequently measured at either amortized cost or fair value. If the objective of the Group's business model is to hold the financial asset to collect the contractual cash flows which are solely for payments of principal and interest on the principal amount outstanding, such assets are measured at the amortized cost. All other financial assets must be measured at the fair value through profit or loss as of the balance sheet date. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

   2) IFRS 10, "Consolidated Financial Statements"

      IFRS 10 will replace IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation-Special Purpose Entities". The Group considered whether it has control over other entities and determined which entities should be in the consolidated statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. For those more complex situations, the new standard provides more guidance.

   3) IFRS 13, "Fair Value Measurement"

      IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   4) Amendments to IAS 1, "Presentation of Items of Other Comprehensive Income"

      The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Previously, there were no such requirements.

5) Amendments to IAS 36, "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made some consequential amendments to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that the disclosure of such recoverable amount is required during the period when an impairment loss has been recognized or reversed. Furthermore, the Group is required to disclose the discount rate used in current and previous measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

c. Material impact on consolidated financial statements that would result from new and revised standards, amendments and interpretations in issue but not yet effective.

As of the date that the consolidated financial statements were authorized for issue, the Group continues evaluating the impact on its financial statements resulting from the initial adoption of the abovementioned standards or interpretations. The related impact will be disclosed whenever the Group completes the evaluation.

4. SIGNIFICANT ACCOUNTING POLICIES

On June 4, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the TSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and financial institutions (excluding credit cooperative, credit card company, insurance broker and insurance agency) should prepare their financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers/Public Banks and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), and the Interpretations approved by the FSC.

This is the Group's first interim consolidated financial statements for a period that is part of the Group's first annual consolidated financial statements prepared in conformity with IFRSs. The date of transition to IFRS was January 1, 2012. The impact of the transition was disclosed in Note 43 to the consolidated financial statements.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosures included in interim financial statements are less than those required in a full set of annual financial statements.

Basis of Presentation

The consolidated financial statements have been prepared on historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally determined based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheet as of the date of transition to IFRSs was prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for certain aspects where other IFRSs prohibit retrospective application and specified areas where IFRS 1 grants limited exemptions from the requirements of other IFRSs. Please refer to Note 43 to the consolidated financial statements for the exemptions elected by the Group.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in the Group's consolidated financial statements are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by liquidity.

Basis of Consolidation

a. Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

b. The subsidiaries in the consolidated financial statements

Detail information of the subsidiaries is as follows:

			Percentage of Ownership				
Name of Investor	**Name of Investee**	**Main Businesses and Products**	**June 30, 2013**	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**	**Note**
Domestic subsidiaries							
The Bank	China Travel Services (Taiwan)	Traveling	99.99	99.85	99.85	99.85	
The Bank	SCSB Life Insurance Agency	Insurance agency	100.00	100.00	100.00	100.00	
The Bank	SCSB Property Insurance Agency	Insurance agency	100.00	100.00	100.00	100.00	
The Bank	SCSB Marketing Ltd.	Human resource services	100.00	100.00	100.00	100.00	
The Bank	SCSB Asset Management Ltd.	Purchase, evaluation, auction and management of creditor's right of financial institutions	100.00	100.00	100.00	100.00	
China Travel Services (Taiwan)	CTS Travel International Ltd.	Traveling	100.00	100.00	100.00	100.00	
Foreign subsidiaries							
The Bank	Shancom Reconstruction Inc.	Investment holding	100.00	100.00	100.00	100.00	
The Bank	Wresqueue Limitada	Investment holding	100.00	100.00	100.00	100.00	
The Bank	Paofoong Insurance Company (Hong Kong) Ltd.	Insurance	40.00	40.00	40.00	40.00	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Leasing operation	100.00	100.00	100.00	-	1
Wresqueue Limitada	Prosperity Realty Inc.	Real estate service	100.00	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Investment holding	100.00	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Krinein Company	Investment holding	100.00	100.00	100.00	100.00	
Shancom Reconstruction Inc.	Safehaven Investment Corporation	Investment holding	100.00	100.00	100.00	100.00	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank	Banking	48.00	48.00	48.00	48.00	
Krinein Company	Shanghai Commercial Bank	Banking	9.60	9.60	9.60	9.60	
Shanghai Commercial Bank	Shanghai Commercial Bank (Nominees) Ltd.	Nominee services	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Shanghai Commercial Bank Trustee Ltd.	Trustee services	60.00	60.00	60.00	60.00	
Shanghai Commercial Bank	Shacom Futures Ltd.	Commodities trading	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Investment Ltd.	Investment in exchange fund bills and notes	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Property Holdings (BVI) Limited	Property holding	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Property (NY) Inc.	Property holding	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Property (CA) Inc.	Property holding	100.00	100.00	100.00	100.00	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Note
Shanghai Commercial Bank	Shacom Assets Investment Ltd.	Investment in bonds	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Infinite Financial Solutions Ltd.	I.T. application services provider	80.00	80.00	80.00	80.00	
Shanghai Commercial Bank	Shacom Insurance Brokers Ltd.	Insurance broker	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Shacom Securities Ltd.	Securities brokerage services	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Hai Kwang Property Management Co., Ltd.	Property management	100.00	100.00	100.00	100.00	
Shanghai Commercial Bank	Paofoong Insurance Company (Hong Kong) Ltd.	Insurance	60.00	60.00	60.00	60.00	
Shanghai Commercial Bank	Right Honour Investments Limited	Property holding	100.00	100.00	100.00	100.00	2
Shanghai Commercial Bank	Glory Step Investments Limited	Property holding	100.00	100.00	100.00	100.00	2
Shanghai Commercial Bank	Silver Wisdom Investments Limited	Property holding	100.00	100.00	100.00	100.00	2

(Concluded)

Note 1: The subsidiary, SCSB Asset Management Ltd., established a wholly owned entity, SCSB Leasing (China) Co., Ltd., in Shanghai, China to engage in nationwide finance leasing business upon receiving the FSC's approval on January 5, 2012.

Note 2: For the need to expand the operating facilities, Shanghai Commercial Bank established 3 wholly owned entities as the vehicles to acquire business premise in 2011.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Bank and non-controlling interests as appropriate).

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Categories

The Group owned financial assets which are classified into the following specified categories: Financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables.

a) Financial assets at FVTPL

Financial assets at FVTPL are either classified as held for trading or designated as at FVTPL.

A financial asset is designated as at FVTPL on initial recognition when:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- If a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, or designates as available for sale, or meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

c) Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets at fair value through profit or loss.

AFS financial assets are measured at fair value. AFS monetary financial assets relating to changes from interest revenues under effective interest rate method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

d) Loans and receivables

Loans and receivables (including cash and cash equivalents, due from the Central Bank and call loan to banks, securities purchased under resell agreements, receivables, discounts and loans, debt investments with no active market and other financial assets) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash on hand and due from other banks were included in cash and cash equivalents on consolidated balance sheets. For the consolidated statements of cash flows, cash and cash equivalents contained those cash and cash equivalent in the consolidated balance sheet, due from the central bank and call loans to banks and securities purchased under resell agreements which fall in with the definition of cash and cash equivalents under IFRS No. 7 approved by FSC.

2) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as loans and receivables, are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of loans and receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on loans and receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The impairment loss of available-for-sale equity instruments which has been recognized as profit or loss will not be reversed through profit or loss. Any reversal on the impairment is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The objective evidences of other financial assets contains significant financial difficulties or defaults of the issuer or debtor, the increasing possibilities of debtors' bankruptcy or debt restructuring, and inactive market due to the issuer's financial difficulties.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of financial assets that are carried at cost, where the carrying amount is reduced through the use of an allowance account. When financial assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Under guidelines issued by the Banking Bureau of the Financial Supervisory Commission, Executive Yuan (the Banking Bureau), the credit clients are categorized into five groups, normal, warning, possible, and difficult, and uncollectible based on the clients' financial conditions. Furthermore, after assessing the value of the collaterals, the Bank could assessed the possibilities of recovery.

Under the policy of the Bank, the minimum standard allowance for all accounts, and for accounts classified as normal (except the government's claims), notice, warning, difficult, and uncollectible is recognized at 0.5%, 2%, 10%, 50%, and 100%, respectively.

The uncollectible assets could be written off after the board of directors' approval.

Under the policy of SCB (HK), the minimum standard allowance for all accounts, and for accounts classified as pass, special mentioned, sub-standard, doubtful, and loss is recognized at 1%, 2%, 20%, 50%, and 100%, respectively.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

b. Financial liabilities

1) Subsequent measurement of financial liabilities

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method, less any impairment:

Financial liabilities at fair value through profit or loss are all held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The method to determine fair value is stated in Note 35.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

c. Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When assessing impairment, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing recoverable amount (higher of value in use and fair value less costs to sell) with carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives and embedded derivatives, as either fair value hedges or cash flow hedges.

a. Fair value hedges

    Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

    Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting.

b. Cash flow hedges:

    The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Nonperforming Loans

Under guidelines issued by the Banking Bureau of the Financial Supervisory Commission, Executive Yuan (the Banking Bureau), the balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as nonperforming.

Nonperforming loans in the lending business are classified as discounts and loans; otherwise, are classified as other financial assets.

Securities Purchased/Sold Under Resell/Repurchase Agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

Properties

Properties are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Depreciation is provided on a straight-line basis over estimated useful lives, and the critical components shall be identified and depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. Change in accounting estimate takes effect prospectively.

Any gain or loss on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible assets that have finite useful lives and are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Change in accounting estimate takes effect prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Any gain or loss on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Collaterals Assumed

Collaterals assumed are recorded at their appraised values. At balance sheet date, these collaterals are individually revalued at the lower of cost or net realizable value.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

Interest revenues from loans are estimated on accrual basis. Interest revenue from nonperforming Bank-extended loans and other credits are recognized only when collection is made. In accordance with the Ministry of Finance regulations, the interest from the relief and extension of specific loans is recorded as deferred income and recognized as income upon collection. Service fees are recorded as income upon receipt or when the related services are substantially completed.

The costs of acquisition of loans and accounts receivable and extra fees received are accounted as adjustments to the book value and the effective interest of loans and accounts receivable.

Dividend revenue is recognized when the right of shareholder to receive dividend is established.

Retirement Benefit Costs

a. Short-term employee benefit

   Periodic payment to employees for their regular work in the current period is recognized as current expense.

b. Retirement benefit costs

   The Group currently provides both defined contribution and benefit retirement plans to its employees. Pursuant to local rules, employees working overseas apply to defined contribution retirement benefit plan.

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

   Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

   The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost and actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

   Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

   Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

c. Employee preferential deposits

   The Bank provides its current and retired employees preferential interests for deposits under certain balances. Differences arising from preferential interest and interest at market rate are recognized as employee benefit.

Under the Regulations Governing the Preparation of Financial Reports by Public Banks, post-retirement preferential interests provided to employees should be measured and recognized using actuarial calculation pursuant to IAS No. 19 when the employee retires. If variables utilized in the actuarial assumptions are stipulated in official governing rules, then the rules should applied first.

d. Other long-term employee benefit

The Bank provides death benefit to employees who die on the job other than occupational injuries. For employees with retirement eligibility, death benefits are determined as their pension benefits. For those without retirement eligibility, death benefits are determined based on the length of employment: if employment is less than 1 year, death benefit is determined at one month salary; if employment is about 1 to 5 years, death benefit is determined as one month salary for each year of employment; if employment is more than 5 years, death benefit is determined in line with the employee's pension benefit based on years of service before LPA was enacted.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are generally recognized on all deductible temporary differences.

Deferred tax liabilities are recognized on taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax of this period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of loans and receivables

The Group periodically reviews its loan portfolio for impairment. Recognition of impairment depends on whether any observable objective evidence of impairment exists. The evidence should contain observable data indicating the unfavorable changes in payment condition or the economic condition in related countries or territories. When analyzing the expected cash flow, the management's estimates are based on past experiences of loss. The Group reviews regularly the method and assumptions in estimating expected cash flows in order to reduce the difference between the expected and actual losses.

b. Fair value of the financial instruments

Valuation techniques are applied in evaluating the financial instruments with no active market or no quoted prices. Under the circumstances, the fair values are assessed based on observable information or models of similar financial instruments. If there is no observable market parameter, the fair values of financial instruments are assessed based on appropriate assumptions. When the fair values are determined by use of valuation models, all the models should be adjusted to ensure that they could generate the actual data and market price. The data which the models adopt must be as observable as possible. On the other hand, for the credit risk fluctuations, the management should adopt appropriate estimation method.

c. Assessing impairment of available-for-sale equity investment

The objective evidence of impairment of available-for-sale equity investment is the substantial decrease in fair value that brings it even lower than the cost. Judgment is applied when determining whether the fair value decreases substantially or continually. When applying judgment, the Group's management should take into consideration the historical market record, historical price of the equity investment and the industry of the investees.

d. Assessing impairment of properties and intangible assets

If there is objective evidence that impairment on properties and intangibles exists, the Group estimates the recoverable amount of the asset. The evidence includes (1) the market price falls down in current period more than expected; (2) the market interest rate or other index goes up in current period, and it could affect the discount rate and furthermore reduce the recoverable amount; (3) the assets are obsolete or destroyed; (4) the performance of the asset is not as good as expected.

e. Held-to-maturity financial assets

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

f. Income tax

The Group’s income tax calculation relies heavily on estimates. The Group determined the final amount of tax through many transactions and calculations. If the actual amount differs from the original estimation, the difference will be adjusted in the recognition of current tax and deferred tax in the current period.

The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences are available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

g. Post-employment benefit

The present value of post-employment benefit obligation is calculated based on actuarial valuations. Any changes in these assumptions will affect the carrying amount of post-employment benefit obligation.

One of the assumptions is discount rate. The actuary determines the appropriate discount rate according to actual conditions every year and estimates the future cash outflow for payment of post-employment benefit obligation. To determine appropriate discount rate, the interest rates of high quality corporate bonds and government bonds are taken into consideration. The currency and maturity of these bonds should be the same as the payment of post-employment benefit obligation.

Other assumptions of post-employment benefit are based upon the market condition.

6. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand and working fund	$ 8,779,180	$ 7,301,725	$ 6,654,199	$ 6,731,165
Notes and checks in clearing	3,243,839	3,454,632	3,499,877	3,152,489
Due from other banks	25,217,869	70,664,936	55,273,603	57,639,697
	$ 37,240,888	$ 81,421,293	$ 65,427,679	$ 67,523,351

Reconciliation of the amounts of cash and cash equivalents reported in the consolidated statements of cash flows and consolidated balance sheets at December 31, 2012 and January 1, 2012 was as below. As for reconciliation at June 30, 2013 and 2012, please refer to the consolidated statements of cash flows.

	December 31, 2012	January 1, 2012
Cash and cash equivalents in consolidated balance sheets	$ 81,421,293	$ 67,523,351
Due from the Central Bank and call loans to banks fall in with the definition of cash and cash equivalents under IFRS 7	194,455,159	130,799,158
Securities purchased under resell agreements fall in with the definition of cash and cash equivalents under IFRS 7	730,712	5,579,661
Cash and cash equivalents in consolidated statements of cash flows	$ 276,607,164	$ 203,902,170

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Call loans to banks	$ 209,256,333	$ 204,589,642	$ 138,818,034	$ 152,500,670
Deposit reserves - I	5,282,374	10,537,532	10,524,077	5,521,927
Deposit reserves - II	14,659,459	13,831,156	13,750,095	13,190,507
Deposit reserves - foreign	82,384	89,963	78,391	84,086
Due from foreign central banks	1,865,544	1,355,050	1,573,483	1,830,959
	$ 231,146,094	$ 230,403,343	$ 164,744,080	$ 173,128,149

Deposit reserves are statutory reserves and determined monthly at prescribed rates based on average balances of customers' deposits. The entire balance of deposit reserve - II is subject to withdrawal restrictions while no restrictions are placed to other deposit reserves.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Held-for-trading financial assets				
Commercial papers	$ 23,213,448	$ 20,957,000	$ 22,484,557	$ 21,728,340
Negotiable certificate of deposit	5,090,761	2,463,021	357,689	1,604,864
Option contracts	1,667,188	190,077	136,252	115,503
Government bonds	797,585	1,100,090	714,532	705,850
Listed stock - domestic	641,754	517,630	525,702	453,835
Treasury bonds	498,382	-	1,991,628	991,800
Forward contracts	479,733	302,002	300,585	366,088
Currency swap contracts	113,726	123,890	247,681	181,620
Bank debentures	68,520	65,671	527,587	539,051
Others	34,194	66,154	75,426	164,440
	32,605,291	25,785,535	27,361,639	26,851,391

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets designated at fair value through profit or loss				
Structured corporate bonds contracts	$ 1,995,909	$ 2,371,322	$ 2,226,321	$ 2,171,656
Structured bank debentures contracts	272,522	265,256	266,674	445,453
	2,268,431	2,636,578	2,492,995	2,617,109
	$ 34,873,722	$ 28,422,113	$ 29,854,634	$ 29,468,500
Held-for-trading financial liabilities				
Option contracts	$ 1,510,377	$ 190,009	$ 136,766	$ 117,015
Forward contracts	500,462	226,395	196,486	232,018
Currency swap contracts	106,507	23,359	144,488	36,942
Interest rate swap contracts	46,320	70,846	76,061	88,494
	$ 2,163,666	$ 510,609	$ 553,801	$ 474,469

(Concluded)

The Group engages in derivative transactions mainly to accommodate customers' needs and manage its exposure positions. The financial risk management objective of the Group is to minimize risks due to changes in fair value or cash flows.

The financial assets and liabilities at FVTPL contract (nominal) amounts of derivative transactions as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Option contracts	$ 143,159,475	$ 59,838,060	$ 28,313,747	$ 17,114,513
Forward contracts	92,232,360	57,784,772	91,244,240	70,757,000
Currency swap contracts	30,966,746	33,449,192	48,721,160	17,636,907
Interest rate swap contracts	4,152,491	4,447,511	5,112,436	5,740,256
Fixed rate commercial papers	600,000	400,000	800,000	800,000
Credit default swap contracts	272,380	263,760	271,698	275,005

9. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchase under resell agreements as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were $986,987 thousand, $730,712 thousand, $4,658,140 thousand and $5,579,661 thousand, respectively. The aforementioned securities will be bought back one after another before July 18, 2013, January 11, 2013, July 19, 2012 and February 6, 2012 at $987,302 thousand, $730,886 thousand, $4,659,939 thousand and $5,581,810 thousand, respectively.

10. RECEIVABLES, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Acceptances	$ 4,833,827	$ 5,754,860	$ 5,970,778	$ 6,784,794
Credit cards receivable	3,833,800	3,602,607	3,771,027	3,847,751
Accrued interest	3,071,374	3,000,084	2,695,918	2,913,789
Accounts receivable due from sales of securities	1,686,840	2,271,971	2,932,836	1,458,194
Accounts receivable - factoring	1,464,217	1,516,266	1,438,201	1,683,924
Others	1,877,214	418,163	376,229	1,397,439
	16,767,272	16,563,951	17,184,989	18,085,891
Allowance for credit losses	(333,989)	(305,693)	(302,933)	(265,817)
	$ 16,433,283	$ 16,258,258	$ 16,882,056	$ 17,820,074

Allowance for account receivable and other financial assets are categorized and assessed by credit risk as below:

Item	June 30, 2013 Total	June 30, 2013 Allowances
With objective evidence of impairment		
Individually assessed	$ 17,206	$ 5,772
Collectively assessed	289,500	105,584
With no objective evidence of impairment		
Collectively assessed	7,656,884	227,110
Grand total	$ 7,963,590	$ 338,466

Item	December 31, 2012 Total	December 31, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 130,357	$ 59,592
Collectively assessed	100,366	25,314
With no objective evidence of impairment		
Collectively assessed	8,015,477	225,423
Grand total	$ 8,246,200	$ 310,329

Item	June 30, 2012 Total	June 30, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 17,455	$ 6,372
Collectively assessed	167,009	67,625
With no objective evidence of impairment		
Collectively assessed	7,850,561	233,494
Grand total	$ 8,035,025	$ 307,491

Item	January 1, 2012	
	Total	Allowances
With objective evidence of impairment		
Individually assessed	$ 62,001	$ 30,786
Collectively assessed	106,942	30,843
With no objective evidence of impairment		
Collectively assessed	8,879,434	209,534
Grand total	$ 9,048,377	$ 271,163

The changes in allowance for receivables and other financial assets are listed below:

	For the Six Months Ended June 30	
	2013	2012
Balance at January 1	$ 310,329	$ 271,163
Provisions	20,208	3,411
Write-offs	(27,311)	(27,523)
Recoveries	33,398	60,993
Effect of exchange rate changes	1,842	(553)
Balance at June 30	$ 338,466	$ 307,491

11. DISCOUNTS AND LOANS, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Loans	$ 696,788,207	$ 633,213,997	$ 618,506,264	$ 608,494,924
Inward/outward documentary bills	33,856,333	30,462,550	36,190,359	34,963,528
Nonperforming loans	2,781,697	1,629,341	1,852,194	890,544
	733,426,237	665,305,888	656,548,817	644,348,996
Discount and premium adjustment	220,242	124,669	50,896	(12,604)
Allowance for credit losses	(8,059,028)	(8,742,345)	(8,736,174)	(7,917,865)
	$ 725,587,451	$ 656,688,212	$ 647,863,539	$ 636,418,527

The Bank discontinues accruing interests when loans are deemed nonperforming. For the six months ended June 30, 2013 and 2012, the unrecognized interest revenues on the nonperforming loans amounted to $16,243 thousand and $14,482 thousand, respectively.

For the six months ended June 30, 2013 and 2012, the Group only had written off certain credits after completing the required legal procedures.

Allowances for discounts and loans are categorized and assessed by credit risk as below:

Item	June 30, 2013 Total	June 30, 2013 Allowances
With objective evidence of impairment		
Individually assessed	$ 3,779,546	$ 910,521
Collectively assessed	13,032,011	4,441,308
With no objective evidence of impairment		
Collectively assessed	716,614,680	2,707,199
Grand total	$ 733,426,237	$ 8,059,028

Item	December 31, 2012 Total	December 31, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 4,082,241	$ 1,258,600
Collectively assessed	9,682,848	4,654,852
With no objective evidence of impairment		
Collectively assessed	651,540,799	2,828,893
Grand total	$ 665,305,888	$ 8,742,345

Item	June 30, 2012 Total	June 30, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 4,203,560	$ 1,431,024
Collectively assessed	8,565,910	4,127,110
With no objective evidence of impairment		
Collectively assessed	643,779,347	3,178,040
Grand total	$ 656,548,817	$ 8,736,174

Item	January 1, 2012 Total	January 1, 2012 Allowances
With objective evidence of impairment		
Individually assessed	$ 3,811,306	$ 1,051,694
Collectively assessed	8,800,665	3,692,257
With no objective evidence of impairment		
Collectively assessed	631,737,025	3,173,914
Grand total	$ 644,348,996	$ 7,917,865

The changes in allowance for discount and loans are summarized below:

	For the Six Months Ended June 30	
	2013	2012
Balance at January 1	$ 8,742,345	$ 7,917,865
Provisions	382,283	219,194
Write-offs	(1,264,041)	(37,027)
Recoveries	144,872	657,887
Effect of exchange rate changes	53,569	(21,745)
Balance at June 30	$ 8,059,028	$ 8,736,174

The details of bad debts expenses for the six months ended June 30, 2013 and 2012 are listed as below:

	For the Six Months Ended June 30	
	2013	2012
Provisions of loans and discounts	$ 382,283	$ 219,194
Provisions of receivables	20,208	3,411
	$ 402,491	$ 222,605

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Negotiable certificate of deposit	$ 47,708,970	$ 289,528	$ 298,242	$ 301,872
Corporate bonds	45,715,797	40,506,066	33,739,384	23,882,347
Bank debentures	40,581,906	90,169,410	86,584,643	82,851,900
Government bonds	26,623,402	23,230,755	19,804,008	14,045,916
Listed stock	9,786,685	9,326,060	9,356,937	9,193,273
Beneficiary certificates	6,213,008	6,873,472	2,224,989	1,786,359
Assets backed securities	519,703	491,255	516,474	549,037
Treasury bonds	-	993,774	993,673	991,951
	$ 177,149,471	$ 171,880,320	$ 153,518,350	$ 133,602,655

Part of abovementioned available-for-sale financial assets sold under repurchase agreements as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were $4,212,600 thousand, $8,480,800 thousand, $11,551,034 thousand and $15,470,483 thousand.

Part of abovementioned assets backed securities were invested in Structured Investment Vehicles (SIV). The Bank had recognized impairment losses in prior years which were partially realized due to the liquidation of SIV. For the year ended December 31, 2012, the Bank has reversed impairment loss of $42,413 thousand due to repayment of principals. As of June 30, 2012, the accumulated impairment losses related to its SIV investments were $539,742 thousand.

About the pledged assets, please see Note 33.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Negotiable certificate of deposit	$ 107,400,000	$ 114,600,000	$ 121,900,000	$ 160,800,000
Government bonds	9,050,614	8,757,373	9,148,574	9,297,223
Treasury bonds	3,985,618	-	-	-
Corporate bonds	763,307	968,642	1,084,899	1,390,761
Bank debentures	681,066	811,092	1,433,395	2,208,596
Assets backed securities	-	-	37,246	69,415
Collateralized loans obligation	-	-	-	118,656
	$ 121,880,605	$ 125,137,107	$ 133,604,114	$ 173,884,651

About the pledged assets, please see Note 33.

14. EQUITY INVESTMENTS UNDER THE EQUITY METHOD

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
Equity Method	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Domestic investments								
Kuo Hai Real Estate Management (Kuo Hai)	-	34.69	-	34.69	-	34.69	-	34.69
Silks Place Taroko	75,608	45.00	86,187	45.00	91,149	45.00	103,131	45.00
	75,608		86,187		91,149		103,131	
Foreign investments								
Hong Kong Life Insurance	285,674	16.67	279,513	16.67	285,662	16.67	247,877	16.67
Bank Consortium Holding	233,948	14.29	200,857	14.29	209,401	14.29	184,310	14.29
BC Reinsurance	193,200	21.00	184,579	21.00	151,200	21.00	138,393	21.00
Joint Electronic Teller Services	151,483	20.00	148,347	20.00	150,930	20.00	154,843	20.00
I-Tech Solutions Limited	11,339	50.00	10,410	50.00	10,954	50.00	12,345	50.00
	875,644		823,706		808,147		737,768	
Grand total	$ 951,252		$ 909,893		$ 899,296		$ 840,899	

The subsidiaries' equity in the net income or loss of their domestic and foreign investments was gains of $34,836 thousand and $68,900 thousand for the six months ended June 30, 2013 and 2012, respectively.

The Bank decreased the carrying value of Kuo Hai to zero and recognized losses on this investment because of the investee's continuing operating losses over the years.

The foreign investments of subsidiaries are all held by SCB HK with appropriate approvals by its board of directors.

Associates Information of business combinations were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Total assets	$ 33,295,322	$ 31,332,060	$ 29,596,845	$ 26,602,901
Total liabilities	$ 27,347,751	$ 25,677,407	$ 23,999,588	$ 21,365,851

	For the Six Months Ended June 30	
	2013	2012
Operating income	$ 3,460,713	$ 3,517,947
Net income	$ 315,902	$ 539,464
Share of the other comprehensive income of associates	$ 34,836	$ 68,900

15. OTHER FINANCIAL ASSETS, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Non-active market debt instruments	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Financial assets carried at cost	11,787	11,787	11,787	11,787
Bills purchased, net	6,678	35,741	13,914	17,973
Nonperforming credit card receivables	3,477	3,636	3,558	4,346
	221,942	251,164	229,259	234,106
Allowance for nonperforming credit card receivables	(4,477)	(4,636)	(4,558)	(5,346)
	$ 217,465	$ 246,528	$ 224,701	$ 228,760

The balance of credit cards receivable which was reported as nonperforming were $3,477 thousand, $3,636 thousand, $3,558 thousand and $4,346 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively. The unrecognized interest revenues on the receivable amounted to $42 thousand and $40 thousand for the six months ended June 30, 2013 and 2012.

16. PROPERTIES, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	$ 11,637,283	$ 9,415,785	$ 9,140,678	$ 8,448,836
Building and improvement	3,600,783	3,441,813	3,575,130	3,604,938
Office equipment	455,519	449,892	303,132	302,067
Transportation equipment	25,390	25,197	24,579	20,494
Miscellaneous equipment	423,140	429,040	389,887	410,486
Construction-in-progress and prepayment	5,515,061	6,218,734	5,371,761	5,413,036
	$ 21,657,176	$ 19,980,461	$ 18,805,167	$ 18,199,857

	For the Six Months Ended June 30, 2013					
	Balance at January 1, 2013	**Additions**	**Disposals**	**Internal Transfer**	**Effect of Exchange Rate Changes, Net**	**Balance at June 30, 2013**
Cost						
Land	$ 9,701,100	$ 1,359,216	$ (23,292)	$ 828,277	$ 76,590	$ 11,941,891
Building and improvement	5,840,044	128,034	(19,016)	96,432	51,089	6,096,583
Office equipment	2,151,421	75,859	(90,443)	(346)	29,731	2,166,222
Transportation equipment	92,259	3,179	(3,493)	-	1,033	92,978
Miscellaneous equipment	1,880,522	45,564	(35,389)	(185)	40,787	1,931,299
Construction-in-progress and prepayment	6,249,803	54,388	-	(924,709)	170,831	5,550,313
	25,915,149	1,666,240	(171,633)	(531)	370,061	27,779,286
Accumulated depreciation						
Land	285,315	10,060	-	-	9,233	304,608
Building and improvement	2,398,231	69,595	(1,150)	-	29,124	2,495,800
Office equipment	1,701,529	70,654	(87,489)	(160)	26,169	1,710,703
Transportation equipment	67,062	3,192	(3,285)	-	619	67,588
Miscellaneous equipment	1,451,482	58,116	(32,480)	(101)	31,142	1,508,159
Construction-in-progress and prepayment	31,069	3,155	-	-	1,028	35,252
	5,934,688	214,772	(124,404)	(261)	97,315	6,122,110
Balance at June 30, 2013	$ 19,980,461	$ 1,451,468	$ (47,229)	$ (270)	$ 272,746	$ 21,657,176

	For the Six Months Ended June 30, 2012					
	Balance at January 1, 2012	**Additions**	**Disposals**	**Internal Transfer**	**Effect of Exchange Rate Changes, Net**	**Balance at June 30, 2012**
Cost						
Land	$ 8,725,527	$ 707,561	$ -	$ -	$ (9,332)	$ 9,423,756
Building and improvement	5,903,129	32,385	(516)	-	(18,427)	5,916,571
Office equipment	2,025,154	47,317	(29,857)	-	(10,329)	2,032,285
Transportation equipment	96,472	8,133	(11,710)	-	(289)	92,606
Miscellaneous equipment	1,844,690	48,589	(7,519)	-	(14,262)	1,871,498
Construction-in-progress and prepayment	5,438,921	19,124	-	-	(57,492)	5,400,553
	24,033,893	863,109	(49,602)	-	(110,131)	24,737,269

(Continued)

	For the Six Months Ended June 30, 2012					
	Balance at January 1, 2012	Additions	Disposals	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2012
Accumulated depreciation						
Land	$ 276,691	$ 9,237	$ -	$ -	$ (2,850)	$ 283,078
Building and improvement	2,298,191	51,898	(516)	-	(8,132)	2,341,441
Office equipment	1,723,087	43,573	(28,351)	-	(9,156)	1,729,153
Transportation equipment	75,978	2,891	(10,562)	-	(280)	68,027
Miscellaneous equipment	1,434,204	64,715	(6,659)	-	(10,649)	1,481,611
Construction-in-progress and prepayment	25,885	3,153	-	-	(246)	28,792
	5,834,036	175,467	(46,088)	-	(31,313)	5,932,102
Balance at June 30, 2012	$ 18,199,857	$ 687,642	$ (3,514)	$ -	$ (78,818)	$ 18,805,167

(Concluded)

For the need to expand operation facilities, the Bank purchased an office building in 2012. As of December 31, 2012, the title of the building was not transferred to the Bank yet and the payment made by the Bank was recorded as prepayments.

For the demand to expand office premise, SCB (HK) pulled down and rebuilt its head office building as well as the leased out building nearby; therefore, the leased out building and related uncompleted constructions were reclassified as construction-in-progress.

The Bank did not recognize any impairment losses on the properties for the six months ended June 30, 2013 and 2012.

The amount of land disclosed above which was owned by SCB (HK) is leasehold interest.

Depreciation expense of properties is computed using the straight-line method over below useful lives:

Building and improvement	
Branch	43-55 years
Air conditioning and Machine room	9 years
Office equipment	3-8 years
Transportation equipment	5-10 years
Miscellaneous equipment	5-20 years

Depreciation expense of the land and buildings held by SCB (HK) is computed using the straight-line method over the useful lives under 40 years. Other equipment is computed using declining balance method and the rate is 25% in the year of purchasing and 20% in the subsequent years.

17. INVESTMENT PROPERTIES, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	$ 411,145	$ 507,355	$ 349,897	$ 18,130
Building and improvement	4,083	6,448	32,343	17,697
	$ 415,228	$ 513,803	$ 382,240	$ 35,827

	For the Six Months Ended June 30, 2013				
	Balance at January 1, 2013	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2013
Cost					
Land	$ 507,932	$ 8,244	$ (119,340)	$ 15,001	$ 411,837
Building and improvement	9,074	-	(1,694)	271	7,651
	517,006	8,244	(121,034)	15,272	419,488
Less: Accumulated depreciation					
Land	577	298	(203)	20	692
Building and improvement	2626	2,191	(1,342)	93	3,568
	3,203	2,489	(1,545)	113	4,260
Net amount	$ 513,803	$ 5,755	$ (119,489)	$ 15,159	$ 415,228

	For the Six Months Ended June 30, 2012				
	Balance at January 1, 2012	Additions	Internal Transfer	Effect of Exchange Rate Changes, Net	Balance at June 30, 2012
Cost					
Land	$ 18,153	$ 329,029	$ -	$ 2,746	$ 349,928
Building and improvement	18,149	14,928	-	(59)	33,018
	36,302	343,957	-	2,687	382,946
Less: Accumulated depreciation					
Land	23	8	-	-	31
Building and improvement	452	225	-	(2)	675
	475	233	-	(2)	706
Net amount	$ 35,827	$ 343,724	$ -	$ 2,689	$ 382,240

Depreciation of investment properties is computed using straight-line method over years of leasing or 40 years, whichever is shorter.

Fair value of the investment properties as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were $418,901 thousand, $542,856 thousand, $371,613 thousand and $29,229 thousand. Such fair values have been appraised by independent appraisers on respective dates.

Rental income from investment properties stated as below:

	For the Six Months Ended June 30	
	2013	2012
Rental income from investment properties	$ 916	$ 428

18. OTHER ASSETS, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Prepaid expenses	$ 2,838,702	$ 4,013,827	$ 3,745,243	$ 4,299,651
Refundable deposits - less impairment loss of $17,360 thousand	696,862	490,683	482,580	475,005
Deferred charges	580,269	378,787	330,488	264,574
Temporary payments and suspense	133,403	231,286	219,943	219,943
Computer software	127,174	130,448	149,096	147,936
Prepaid pension cost (Note 27)	125,676	127,202	205,486	202,778
Others	117,304	166,494	209,429	194,531
	$ 4,619,390	$ 5,538,727	$ 5,342,265	$ 5,804,418

19. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Due to banks	$ 26,394,176	$ 20,998,310	$ 17,096,085	$ 1,187,232
Call loans from banks	5,434,355	20,053,098	3,109,140	20,814,507
Deposit transfer from Chunghwa Post Co., Ltd.	2,853,026	2,651,994	2,383,604	1,632,803
Overdraft on banks	1,289,333	1,239,095	1,197,466	36,059
	$ 35,970,890	$ 44,942,497	$ 23,786,295	$ 23,670,601

20. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were $4,218,105 thousand, $8,482,507 thousand, $11,551,843 thousand and $15,463,445 thousand, respectively. The aforementioned securities will be sold back by June 9, 2014, December 26, 2013, June 10, 2013 and September 28, 2012 at $4,221,833 thousand, $8,487,995 thousand, $11,558,669 thousand and $15,471,415 thousand, respectively.

21. PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Dividends payable	$ 14,294,405	$ 8,720,717	$ 9,112,921	$ 8,430,948
Accounts payable	8,707,192	7,027,218	8,150,819	6,433,990
Liabilities on bank acceptances	4,881,895	5,793,242	6,029,058	6,851,144
Accrued interests	2,214,543	2,108,976	1,913,769	1,715,602
Accrued expenses	906,635	895,708	588,362	840,140
Others	126,254	128,721	211,602	485,030
	$ 31,130,924	$ 24,674,582	$ 26,006,531	$ 24,756,854

22. DEPOSITS AND REMITTANCES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Time	$ 574,953,785	$ 546,744,646	$ 526,536,265	$ 536,141,153
Savings	352,708,560	337,787,039	314,140,665	306,604,390
Demand	184,444,047	180,628,896	173,739,994	173,777,896
Checking	8,487,328	8,626,665	8,272,659	8,731,696
Negotiable certificates of deposits	4,520,900	4,864,300	2,422,600	2,632,200
Remittances	316,567	455,068	307,071	490,362
	$ 1,125,431,187	$ 1,079,106,614	$ 1,025,419,254	$ 1,028,377,697

23. BANK DEBENTURES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
The subordinate bank debenture - seven-year maturity; first issued in 2006, maturity date is on May 2013	$ -	$ 2,000,000	$ 2,000,000	$ 2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2007; maturity date is on September 2014	3,300,000	3,300,000	3,300,000	3,300,000
The subordinate bank debenture - seven-year maturity; second issued in 2007; maturity date is on December 2014	1,700,000	1,700,000	1,700,000	1,700,000
The subordinate bank debenture - seven-year maturity; first issued in 2008; maturity date is on June 2015	3,000,000	3,000,000	3,000,000	3,000,000

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
The subordinate bank debenture - seven-year maturity; second issued in 2008; maturity date is on December 2015	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
The subordinate bank debenture - seven-year maturity; first issued in 2010; maturity date is on December 2017	3,000,000	3,000,000	3,000,000	3,000,000
The subordinate bank debenture - seven-year maturity, first issued in 2012; maturity date is on April 2019	4,000,000	4,000,000	4,000,000	-
The subordinate bank debenture - seven-year maturity, second issued in 2012; maturity date is on May 2019	1,000,000	1,000,000	1,000,000	-
The subordinate bank debenture - seven to ten-year maturity, third issued in 2012; maturity date is on November 2019 to 2022	5,000,000	5,000,000	-	-
The subordinate bank debenture - seven to ten-year maturity, fourth issued in 2012; maturity date is on December 2019 to 2022	10,000,000	10,000,000	-	-
Par value total	33,000,000	35,000,000	20,000,000	15,000,000
Unrealized loss	140,260	189,440	245,149	295,357
	$ 33,140,260	$ 35,189,440	$ 20,245,149	$ 15,295,357

(Concluded)

About the hedge transactions, please see Note 35.

The first issuance of the 2006 bank debenture can be classified into three types in accordance with the issued term and the methods of interest accrual: Type A, B and C. Their terms and methods of interest accrual are as follows: Type A, five years of senior bank debenture at a fixed annual interest rate of 1.92%, and the Bank debenture had been matured in May 2011; Type B, seven years of senior bank debenture at a fixed annual interest rate of 2.03%, and the Bank debenture had been matured in May 2013; Type C, seven years of subordinate bank debenture at a fixed annual interest rate of 2.25%, and the Bank debenture had been matured in May 2013.

The first issuance of the 2007 subordinate bank debenture bears an interest rate at a target rate plus 0.45% with interest paid quarterly and repayment of principal at maturity.

The second issuance of the 2007 subordinated bank debenture bears a fixed interest rate of 3.015% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2008 subordinated bank debenture bears a fixed interest rate of 3.15% with interest paid annually and repayment of principal at maturity.

The second issuance of the 2008 subordinated bank debenture bears a fixed interest rate of 3.05% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2010 subordinated bank debenture bears a fixed interest rate of 1.5% with interest paid annually and repayment of principal at maturity.

The first issuance of the 2012 subordinated bank debenture bears a fixed interest rate of 1.48% with interest paid annually and repayment of principal at maturity.

The second issuance of the 2012 subordinated bank debenture bears a fixed interest rate of 1.54% with interest paid annually and repayment of principal at maturity.

The third issuance of the 2012 bank debenture can be classified into two types in accordance with the issued term and the methods of interest accrual: Type A and B. Their terms and methods of interest accrual are as follows: Type A, seven years of subordinate bank debenture at a fixed annual interest rate of 1.43%; Type B, ten years of subordinate bank debenture at a fixed annual interest rate of 1.55%. Their interests are paid annually with repayment of principals at maturity.

The fourth issuance of the 2012 bank debenture can be classified into two types in accordance with the issued term and the methods of interest accrual: Type A and B. Their terms and methods of interest accrual are as follows: Type A, seven years of subordinate bank debenture at a fixed annual interest rate of 1.43%; Type B, ten years of subordinate bank debenture at a fixed annual interest rate of 1.55%. Their interests are paid annually with repayment of principals at maturity.

24. OTHER FINANCIAL LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Appropriated loan funds	$ 2,635,593	$ 2,686,388	$ 2,975,467	$ 2,908,185
Principals of structured instruments	1,856,991	2,318,216	3,104,075	2,632,094
	$ 4,492,584	$ 5,004,604	$ 6,079,542	$ 5,540,279

25. PROVISIONS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Reserve for possible losses on guarantees	$ 438,117	$ 437,936	$ 428,103	$ 438,172
Reserve for employee benefits	408,163	479,316	363,106	484,048
Reserve for other operating items	236,353	179,013	172,101	139,242
Reserve for loss contingencies	3,566	3,832	3,689	3,911
	$ 1,086,199	$ 1,100,097	$ 976,999	$ 1,065,373

Reserve for possible losses on guarantees is the provision made by the Bank according to its assessment on the collaterals provided by obligors and the overdue conditions of the loans following the guidelines issued by the Banking Bureau of the Financial Supervisory Commission (the Banking Bureau). On June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Bank did not make additional provisions for the reserve for possible losses on guarantees based on its assessment.

26. OTHER LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Guarantee deposit received	$ 1,536,439	$ 1,550,269	$ 1,595,955	$ 1,805,069
Interest received in advance	441,801	490,059	456,968	452,257
Deferred revenues	124,602	120,570	117,050	109,747
Temporary credit	63,953	79,441	701,574	49,426
Others	201,047	271,818	248,428	269,097
	$ 2,367,842	$ 2,512,157	$ 3,119,975	$ 2,685,596

27. PENSION PLAN

a. Defined contribution plan

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Under the Act, the Bank and domestic subsidiaries make monthly contributions of amounts equal to 6% of salaries and wages to a pension fund.

The Bank and its domestic subsidiaries make contributions to their pension funds at the predetermined rate specified in their defined contribution plans and immediately recognize as pension expense. Contributions made to the defined contribution plans for the six months ended June 30, 2013 and 2012 were $23,210 thousand and $22,492 thousand, respectively.

The foreign subsidiaries contributed $95,362 thousand and $65,788 thousand to a pension fund in the six-month periods ended June 30, 2013 and 2012, respectively. The plan's assets are held separately from those of the subsidiaries by the independently administered funds.

b. Defined benefit plan

The Bank and its domestic subsidiaries' employees who chose the pension mechanism regulated by the Labor Standards Law, or chose the pension plan under the LPA but retained their service years under the LSL, are enrolled in the defined benefit plan. Upon retirement, an employee will receive a pension at the amount calculated on the basis of service years and average salary for the latest six-month period right before retirement. The Bank and its domestic subsidiaries contribute a compulsory amount equivalent to 8% of employees' salaries to the employees' pension fund, which is deposited in the Bank of Taiwan.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2012 by a fellow of the Actuarial Institute of the Republic of China. For the six months ended June 30, 2013 and 2012, the Bank recognized the pension expense calculated using the actuarially determined pension cost rate as of December 31, 2012 and January 1, 2012, respectively.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	December 31, 2012	January 1, 2012
Discount rate	1.625%	1.750%
Expected return on plan assets	1.875%	2.000%
Expected rates of salary increase	2.500%	2.500%

The pension expense related to the defined benefit plans of the Bank and its domestic subsidiaries recognized in the statements of comprehensive income for the six months ended June 30, 2013 and 2012 were $86,604 thousand and $83,795 thousand, respectively.

The amounts disclosed in the consolidated balance sheets in respect of the Bank's obligation on its defined benefit plans were as follows:

	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ (2,065,625)	$ (1,918,428)
Fair value of plan assets	2,191,187	2,121,206
Prepaid pension	$ 125,562	$ 202,778

Domestic subsidiaries' prepaid pension was $1,640 thousand on December 31, 2012. (January 1, 2012: Nil)

The major categories of the pension plan assets were as follows:

	December 31, 2012	January 1, 2012
Cash	25%	23%
Equity investments	37%	41%
Others	38%	36%
	100%	100%

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year certificates of deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 2,065,625	$ 1,918,428
Fair value of plan assets	$ 2,191,187	$ 2,121,206
Deficit	$ 125,562	$ 202,778
Experience adjustments on plan liabilities	$ (64,962)	$ -
Experience adjustments on plan assets	$ (18,628)	$ -

c. Employee preferential interest deposits

According to the Bank's employee preferential deposits policy, the Bank paid preferential interest on the employee preferential deposits of presently active and retired employees. Under Regulations Governing the Preparation of Financial Reports by Public Banks, the employee benefits representing the difference between the preferential interest rate and the market rate paid to retired employees should be actuarially determined and recognized.

The Bank performed actuarial valuation on preferential interest expenses for retired employees according to related actuarial assumptions under Rule No. 10110000850 issued by the FSC on March 15, 2012. The principal assumptions of the actuarial valuations were as follows:

	Valuation at	
	December 31, 2012	**January 1, 2012**
Discount rate	4.00%	4.00%
Expected return of deposit fund	2.00%	2.00%
Expected rates of account balance decrease	1.00%	1.00%
Expected probabilities of preferential interest deposits system change	50.00%	50.00%

The Bank recognized expenses under the preferential deposit plan for retired employees; the amounts of $2,749 thousand and $1,894 thousand were recognized in the consolidated statements of comprehensive income for the six months ended June 30, 2013 and 2012.

The amounts included in the consolidated balance sheets in respect of the Bank's obligation under the preferential interest deposit plan for retired employees were as follows:

	December 31, 2012	**January 1, 2012**
Present value of preferential interest deposit for retired employees	$ 137,403	$ 94,715

d. Other long-term employee benefit liability

The Bank provides death benefit to employees who die on the job other than occupational injuries. For employees with retirement eligibility, death benefits are determined as their pension benefits. For those without retirement eligibility, death benefits are determined based on the length of employment: if employment is less than 1 year, death benefit is determined as one month salary; if employment is about 1 to 5 years, death benefit is determined as one month salary for each year of employment; if employment is more than 5 years, death benefit is determined in line with the employee's pension benefit based on years of service before LPA was enacted.

The obligations for employee death benefit on the consolidated balance sheets were as follows:

	December 31, 2012	**January 1, 2012**
Other long-term employee benefit obligations	$ 14,817	$ 20,304

For the six months ended June 30, 2013 and 2012, the Group recognized an expense of $678 thousand and a gain of $941 thousand in the consolidated statements of comprehensive income in respect of the employee death benefit.

28. EQUITY

a. Share capital

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Common shares				
Authorized shares (in thousand)	3,800,000	3,800,000	3,800,000	3,800,000
Authorized capital	$ 38,000,000	$ 38,000,000	$ 38,000,000	$ 38,000,000
Issued and paid shares (in thousand)	3,715,792	3,715,792	3,715,792	3,538,849
Issued capital	$ 37,157,916	$ 37,157,916	$ 37,157,916	$ 35,388,492

Issued common shares with par value of $10 per share entitled the right to vote and to receive dividends.

In their meeting on April 27, 2012, the shareholders resolved to increase capital to $37,157,916 thousand by distributing stock dividend of $1,769,424 thousand, representing 176,943 thousand shares of common stock. It also determined the dividend ratio of 0.05:1.00 share based on the outstanding shares registered on the ex-dividend date.

b. Capital surplus

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Share premium	$ 2,647,583	$ 2,647,583	$ 2,647,583	$ 2,647,583
Treasury stock transaction	1,976,194	1,969,339	1,969,339	1,962,441
Proportionate share in equity-method investee's surplus from donated assets	1,218	1,218	1,218	1,218
	$ 4,624,995	$ 4,618,140	$ 4,618,140	$ 4,611,242

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (including additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to a certain percentage of the Bank's paid-in capital.

The capital surplus from investments using equity method, employee stock options and stock options may not be used for any purpose.

Since the shares held by subsidiaries were reclassified as treasury stocks, cash dividend distributed to subsidiaries was then recorded as "capital surplus - treasury stock". Cash dividend distributed to subsidiaries amounted to $6,855 thousand and $6,898 thousand for the six months ended June 30, 2013 and 2012, respectively.

c. Appropriation of earnings and dividend policy

The Bank's Articles provide that the Bank's annual earnings after tax shall be used first offsetting against any deficit from prior years, and then set aside legal reserve required by laws or regulations until the balance of legal reserve has reached the Bank's paid-in capital. Special reserve shall then be appropriated as necessary. The remainder together with the accumulated earnings in prior years can be distributed at the Board of Directors' discretion as follows:

1) Bonus to shareholders;

2) Remuneration to directors and supervisors; and

3) Bonus to employees of at least 0.1% of net income less the appropriations for legal reserve and dividends; and

4) The remaining amount shall accumulate to the next year.

For the period ended June 30, 2013 and 2012, the estimated amounts of bonus to employees were $13,976 thousand and $13,981 thousand, respectively, while the estimated amounts of remuneration to directors and supervisors were both $27,498 thousand. The Bank based its estimation of bonus and remuneration on its past experiences. Material differences between these estimates and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the fair value of the stock. When calculating the number of shares for year 2011, the fair value of the stock was based on the Bank's equity, which is the net equity value in the latest audited financial statements. For computing the shares of the stock dividends issued in 2012, the fair value is valued following IFRS 2 "Share-based Payment".

Pursuant to Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs," an entity shall provide a special reserve at the amount of increase in the entity's retained earnings due to transferring the entity's unrealized revaluation increment and cumulative translation adjustments (gain) reported in equity to retained earnings as a result of the election of optional exemptions while first time adopting IFRSs. However, if the net increase in retained earnings as a result of the first-time adoption of IFRSs is less than the amount subject to the aforementioned special reserve provision, then the provision of special reserve is limited to the lower amount. The special reserve appropriated as above may be restored to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve may be further used to offset against deficits in subsequent years; however, the shortage of special reserve should be restored from future earnings before distribution until the reason to appropriate such reserve is vanished. Following FSC's requirement, the Bank has made a special reserve $1,256,859 thousand.

Legal reserve shall be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. However, under the Banking Law, if the Bank's legal reserve is still less than its paid-in capital, the Bank may distribute cash earnings only up to 15% of the paid-in capital.

Under the Integrated Income Tax System, which took effect on January 1, 1998, resident shareholders are allowed a tax credit for the income tax paid by the Bank on earnings generated since 1998. An imputation credit account (ICA) is maintained by the Bank for such income tax and the tax credit allocated to each shareholder.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 11, 2013 and April 27, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 2,858,594	$ 2,603,289	$ -	$ -
Cash dividends - common stock	5,573,687	5,308,274	1.50	1.50
Stock dividends - common stock	-	1,769,424	-	0.50
	$ 8,432,281	$ 9,680,987	$ 1.50	$ 2.00

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meeting on June 11, 2013 and April 27, 2012, respectively, were as follows:

	2012		2011	
	Cash	**Stock**	**Cash**	**Stock**
Bonus to employees	$ 28,000	$ -	$ 28,000	$ -
Remuneration to directors and supervisors	56,600	-	55,000	-

There was no difference between the amount approved and recognized above.

The appropriation of earnings, bonus to employees and remuneration to directors for 2012 were based on the Bank's financial statements for 2012 prepared in conformity with the version of the Regulations Governing the Preparation of Financial Reports for Public Banks prior to the IFRS amendment and accounting principles generally accepted in the ROC.

Information on the bonus to employees and remuneration to directors and supervisors can be accessed through the Market Observation Post System website of the Taiwan Stock Exchange Corporation's website.

d. Treasury stock

Purpose	Beginning Balance	Increase	Decrease	Ending Balance
Six months ended June 30, 2013				
Shares held by subsidiaries	10,382	-	-	10,382
Six months ended June 30, 2012				
Shares held by subsidiaries	9,888	494	-	10,382

The Bank reclassified its shares held by the subsidiaries as treasury stock with a carrying amount of $83,144 thousand (representing 7,698 thousand shares). The shares increased by 2,684 thousand shares over the years.

Under the Company Law, the Bank is not allowed to buy more than 5% of its issued stock. In addition, the total cost of treasury stocks may not exceed the sum of the retained earnings and realized capital surplus. The Bank may not exercise shareholders' rights on these stocks before they are resold. The Bank's stocks held by its subsidiaries are treated as treasury stocks. However, the subsidiaries may still exercise shareholders' rights on these stocks, except for voting rights and subscription right on capital increase by cash. Under the Securities and Exchange Act, the Bank shall neither pledge treasury stocks nor exercise shareholders' rights on these shares, such as rights to dividends, to vote and to subscribe for shares on capital increase by cash.

e. Non-controlling interest

	For the Six Months Ended June 30	
	2013	2012
Beginning balance	$ 30,567,237	$ 29,761,728
Attribution to non-controlling interest		
Net Income	1,438,320	1,328,681
Translation adjustments for foreign operations	761,007	(246,073)
Unrealized gains on available-for-sale financial assets	(298,018)	339,085
Other comprehensive income - others	(223)	191
Income tax effect	86,704	(55,467)
Cash dividends distribution	(1,320,614)	(1,366,525)
Ending balance	$ 31,234,413	$ 29,761,620

29. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

a. Interest revenues, net

	For the Six Months Ended June 30	
	2013	2012
Interest revenue		
Discounts and loans	$ 8,993,763	$ 8,034,223
Securities investments	2,414,338	2,680,788
Due from banks	1,538,231	1,388,966
Others	331,854	331,296
	13,278,186	12,435,273
Interest expense		
Deposits	4,274,468	4,282,567
Bank debentures	279,077	146,563
Due to banks	98,790	82,584
Securities sold under repurchase agreements	18,152	54,798
Others	27,362	35,885
	4,697,849	4,602,397
	$ 8,580,337	$ 7,832,876

b. Service fee revenue, net

	For the Six Months Ended June 30	
	2013	2012
Service fee revenues		
Trusts	$ 873,051	$ 639,644
Loans	405,148	258,005
Inward/outward business	286,993	187,773
Credit cards	223,703	223,613
Exchange	179,454	285,246
Guarantees	156,776	119,189
Others	782,864	917,982
	2,907,989	2,631,452
Service fee expenses		
Finance	82,210	91,895
Credit cards	51,830	47,503
Nominee	31,647	32,862
Commissions	22,670	38,916
Factoring	8,067	9,450
Others	51,485	41,179
	247,909	261,805
	$ 2,660,080	$ 2,369,647

c. Gains (losses) on financial assets and liabilities at fair value through profit or loss

	For the Six Months Ended June 30, 2013		
	Realized Gain	Unrealized Loss	Total
Financial asset and liabilities through profit or loss	$ 342,421	$ (3,573)	$ 338,848

	For the Six Months Ended June 30, 2012		
	Realized Gain	Unrealized Gain	Total
Financial asset and liabilities through profit or loss	$ 148,314	$ 36,585	$ 184,899

d. Employee benefit expenses

	For the Six Months Ended June 30	
	2013	2012
Short-term employee benefits	$ 2,536,195	$ 2,407,477
Retirement benefits		
Defined contribution plan	118,572	88,280
Defined benefit plan	86,604	83,795
	2,741,371	2,579,552
Other employee benefits	157,870	184,641
	$ 2,899,241	$ 2,764,193

e. Depreciation and amortization

	For the Six Months Ended June 30	
	2013	2012
Depreciation expense		
Properties	$ 214,772	$ 175,467
Investment properties	2,489	233
	217,261	175,700
Amortization expense		
Other assets	118,468	85,146
	$ 335,729	$ 260,846

30. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Six Months Ended June 30	
	2013	2012
Current income tax expense		
Current tax expense recognized for the current period	$ 1,470,194	$ 1,188,367
Income tax adjustments on prior years	2,392	(75,096)
Tax credits	-	(2,366)
	1,472,586	1,110,905
Deferred income tax expense		
Deferred tax expense recognized for the current period	205,931	229,075
Income tax expense recognized in profit or loss	$ 1,678,517	$ 1,339,980

Income tax expense for the interim periods were calculated by using the estimated average annual effective income tax rate; therefore the Company was not able to disclose the reconciliation between financial income and taxable income.

b. Income tax expense recognized in other comprehensive income

	For the Six Months Ended June 30	
	2013	2012
Deferred income tax expense		
Arising on income and expenses recognized in other comprehensive income		
Translation adjustments for foreign operations	$ 457,353	$ (78,216)
Unrealized gain or loss on available-for-sale financial assets	(125,274)	108,429
Income tax expense recognized in other comprehensive income	$ 332,079	$ 30,213

c. Integrated income tax information

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unappropriated earnings				
Generated in and before 1997	$ 27,065	$ 27,065	$ 27,065	$ 27,065
Generated after 1997	9,664,998	14,445,535	9,444,426	14,710,522
	$ 9,692,063	$ 14,472,600	$ 9,471,501	$ 14,737,587
Balance of the Bank's imputation credit account (ICA)	$ 1,172,428	$ 2,777,894	$ 2,371,094	$ 5,151,494

The actual creditable ratio for distribution of the Bank's earnings of 2011 was 28.94%.

The estimated creditable ratio for distribution of the Bank's 2012 earnings was 24.64%, which is calculated based on draft amendment of the Income Tax Law not yet approved by the Legislative Yuan of the Republic of China as of the date that the consolidated financial statements were authorized for issue. The imputation credit allocated to shareholders is based on its balance as of the date of the dividend distribution. The estimated creditable ratio may change when the actual distribution of the imputation credit is made.

Based on the Income Tax Law, the imputation tax credits distributed to each shareholder are based on the ICA balance as of the date of dividend distribution. When the Bank pays dividend to its foreign shareholders, it should withhold income tax in accordance with related tax law, and therefore foreign shareholders are not entitled to the imputed tax credit. Only if earnings distributed include those which have been taxed for the 10% unappropriated earning tax, then the foreign shareholders are allowed a tax credit equal to their proportionate share of such additional 10% tax.

d. The Bank's income tax returns through 2009 (except 2008) had been assessed by the tax authorities.

31. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

(In New Taiwan Dollars)

	For the Six Months Ended June 30			
	2013		2012	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic earnings per share	$ 1.55	$ 1.32	$ 1.34	$ 1.19
Diluted earnings per share	$ 1.55	$ 1.32	$ 1.34	$ 1.19

The numerators and denominators used in calculating basic earnings per share were as follows:

	Amount (Numerator)		Shares	Earnings Per Share (Dollars)	
	Before Income Tax	After Income Tax	(Denominator in Thousands)	Before Income Tax	After Income Tax
For the six months ended June 30, 2013					
Basic earnings per share (excluding income belong to non-controlling interest)	$ 5,728,426	$ 4,908,603	3,705,410	$ 1.55	$ 1.32
Effect of dilutive potential common shares					
Bonus to employees	-	-	1,589		
Diluted earnings per share (excluding income belong to non-controlling interest)					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	$ 5,728,426	$ 4,908,603	3,706,999	$ 1.55	$ 1.32
For the six months ended June 30, 2012					
Basic earnings per share (excluding income belong to non-controlling interest)	$ 4,953,247	$ 4,414,901	3,705,410	$ 1.34	$ 1.19
Effect of dilutive potential common shares					
Bonus to employees	-	-	1,573		
Diluted earnings per share (excluding income belong to non-controlling interest)					
Income for the year attributable to common shareholders plus effect of potential dilutive common shares	$ 4,953,247	$ 4,414,901	3,706,983	$ 1.34	$ 1.19

The ARDF issued Interpretation 2007-052 that requires the Bank to recognize bonus paid to employees and numeration to directors and supervisors as compensation expenses beginning January 1, 2008. These bonus and numeration were previously recorded as appropriations from earnings. If the Bank may settle the bonus to employees by cash or shares, the Bank should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the audited net equity value per share at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

32. RELATED-PARTY TRANSACTIONS

a. The Bank's related parties were as follows:

Related Party	Relationship with the Bank
The SCSB Cultural & Educational Foundation	Donated by the Bank which exceed 1/3 total fund
The SCSB Charity Foundation	Donated by the Bank which exceed 1/3 total fund
Silks Place Taroko	Investments in Associates
BC Reinsurance Limited	Investments in Associates
Joint Electronic Teller Services Limited (JETCO)	Investments in Associates
Bank Consortium Holding Limited	Investments in Associates

(Continued)

Related Party	Relationship with the Bank
Hong Kong Life Insurance Limited	Investments in Associates
i-Tech Solutions Limited	Investments in Associates
Hung Ta Investment Corporation	The chairman and the Bank's chairman are relations by marriage
Others	The Bank's directors, supervisors, managers, and the relative of the Bank's directors, supervisor and managers

(Concluded)

b. The significant transactions and account balances with the above parties (except those disclosed in other notes) are summarized as follows:

1) Deposits

	June 30, 2013			Six Months Ended June 30, 2013
	Maximum Balance	Ending Balance	Percentage of Account (%)	Interest Expense
Supervisors and management related	$ 3,168,379	$ 3,175,364	0.00-3.20	$ 89,847
The SCSB Cultural & Educational Foundation	280,750	269,923	0.11-1.38	1,578
Employees	154,591	74,801	0.35-10.19	1,270
The SCSB Charity Foundation	30,305	30,076	0.28-1.31	195
Hung Ta Investment Corporation	6,344	940	0.00-1.17	1
Silks Place Taroko	167	113	0.00-1.31	1
	$ 3,640,536	$ 3,551,217		$ 92,892

	December 31, 2012		
	Maximum Balance	Ending Balance	Percentage of Account (%)
Supervisors and management related	$ 3,755,973	$ 3,632,884	0.01-5.30
The SCSB Cultural & Educational Foundation	290,249	280,609	0.11-1.38
Employees	247,996	89,249	0.35-10.18
The SCSB Charity Foundation	52,065	30,272	0.28-1.38
Hung Ta Investment Corporation	46,238	436	0.17-0.17
Silks Place Taroko	204	114	0.17-1.31
	$ 4,392,725	$ 4,033,564	

	June 30, 2012			Six Months Ended June 30, 2012
	Maximum Balance	Ending Balance	Percentage of Account (%)	Interest Expense
Supervisors and management related	$ 2,789,900	$ 2,350,904	0.00-5.30	$ 12,251
The SCSB Cultural & Educational Foundation	342,288	274,178	0.11-1.38	1,628
Employees	243,096	106,133	0.35-10.16	1,431
The SCSB Charity Foundation	72,117	50,156	0.28-1.38	335
Hung Ta Investment Corporation	41,644	590	0.00-0.17	12
Silks Place Taroko	12,161	114	0.00-1.31	1
	$ 3,501,206	$ 2,782,075		$ 15,658

	January 1, 2012		
	Maximum Balance	Ending Balance	Percentage of Account (%)
Supervisors and management related	$ 3,480,766	$ 2,652,669	0.01-5.30
Employees	410,067	72,280	0.26-10.15
The SCSB Cultural & Educational Foundation	394,481	254,373	0.92-1.31
The SCSB Charity Foundation	72,117	52,042	0.23-1.38
Hung Ta Investment Corporation	61,165	7,539	0.13-0.17
Silks Place Taroko	12,161	114	0.13-1.31
	$ 4,430,757	$ 3,039,017	

2) Interest receivable (accounted for receivables, net)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Supervisors and management related	$ 156	$ 160	$ 170	$ 202
Silks Place Taroko	32	12	1	27
	$ 188	$ 172	$ 171	$ 229

3) Interest payable (accounted for payables)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Supervisors and management related	$ 205	$ 289	$ 161	$ 180
The SCSB Cultural & Educational Foundation	157	244	159	222
The SCSB Charity Foundation	3	4	23	25
	$ 365	$ 537	$ 343	$ 427

4) Guarantee deposits received (accounted for other liabilities)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
The SCSB Cultural & Educational Foundation	$ 211	$ 211	$ 211	$ 211

5) Rental income (accounted for other net revenues)

	For the Six Months Ended June 30	
	2013	2012
The SCSB Cultural & Educational Foundation	$ 421	$ 421

For the rental contracts with related parties, the rent is determined in proportion to the area rented by reference to the rent in neighborhood and received on a monthly basis.

6) Loans

June 30, 2013

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2013 Interest Income
Loans for personal house mortgage	Supervisors and management related (26)	$ 147,795	$ 125,370	$ 125,370	-	Real estate	1.58-2.61	None	$ 1,199
Others	Supervisors and management related	2,017,988	2,013,778	2,013,778	-	Real estate	2.17-3.22	None	81,674
	Silks Place Taroko	63,700	63,700	63,700	-	Real estate	1.84-1.84	None	323
		$ 2,229,483	$ 2,202,848	$ 2,202,848					$ 83,196

December 31, 2012

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties
Loans for personal house mortgage	Supervisors and management related (26)	$ 172,008	$ 121,239	$ 121,239	-	Real estate	1.58-2.62	None
Others	Supervisors and management related	2,599,288	1,980,501	1,980,501	-	Real estate	1.80-3.23	None
	Silks Place Taroko	67,400	22,000	22,000	-	Real estate	1.59-1.84	None
		$ 2,838,696	$ 2,123,740	$ 2,123,740				

June 30, 2012

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Six Months Ended June 30, 2012 Interest Income
Loans for personal house mortgage	Supervisors and management related (14)	$ 167,492	$ 135,272	$ 135,272	-	Real estate	1.58-2.61	None	$ 1,582
Others	Supervisors and management related	2,954,444	2,568,377	2,568,377	-	Real estate	1.80-3.23	None	42,516
	Silks Place Taroko	63,700	2,500	2,500	-	Real estate	1.59-1.84	None	243
		$ 3,185,636	$ 2,706,149	$ 2,706,149					$ 44,341

January 1, 2012

Category	Name	Maximum Balance	Ending Balance	Performance: Normal Loans	Performance: Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties
Loans for personal house mortgage	Supervisors and management related (29)	$ 187,211	$ 159,554	$ 159,554	-	Real estate	1.41-2.42	None
Others	Supervisors and management related	2,953,440	2,938,272	2,938,272	-	Real estate	2.03-4.25	None
	Silks Place Taroko	75,000	56,400	56,400	-	Real estate	1.42-1.59	None
		$ 3,215,651	$ 3,154,226	$ 3,154,226				

Except for additional disclosure revealed for financial statements, the Group did not have material related party transactions. Employee deposit and loans have better interest rate within regulated limits, while other related party transactions have similar terms as non-related party transactions.

Under the provisions of Article 32 and 33 of the Banking Act, the Bank shall not take unsecured loans for related party, except for consumer loans under limit and government loans. If taking secured loans, it should be full guarantee and its terms not superior to other similar credit client.

c. Compensation of directors, supervisors and management personnel:

	For the Six Months Ended June 30	
	2013	**2012**
Salaries and other short-term employee benefits	$ 131,010	$ 115,344
Bonus to employees	56,394	55,152
Remuneration to directors and supervisors	27,498	27,498
Special expense	371	360
	$ 215,273	$ 198,354

33. PLEDGED ASSETS

Under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the assets below had been provided as collateral for day-term overdraft with the pledged amount adjustable anytime.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Guarantying Purpose
Held-to-maturity financial assets	$ 9,000,000	$ 9,000,000	$ 9,500,000	$ 9,500,000	Day-term overdraft with the pledge

On June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the assets below had been provided as refundable deposits for operating guarantee and executing legal proceedings against defaulted borrowers as required by the court.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Guarantying Purpose
Held-to-maturity financial assets	$ 207,444	$ 219,948	$ 221,807	$ 225,741	Operating guarantee and executing legal proceedings against defaulted borrowers as required by the court
Available-for-sale financial assets	116,472	113,279	113,754	113,534	Operating guarantee and executing legal proceedings against defaulted borrowers as required by the court

On June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, SCB HK provided its held-to-maturity financial assets and discounts and loans below for overseas branch operating guarantee.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Guarantying Purpose
Held-to-maturity financial assets	$ 8,809,851	$ 8,375,692	$ 8,705,929	$ 8,685,341	Overseas branch operating guarantee
Discounts and loans	224,768	222,706	234,525	242,467	Pledge to the California government under local law

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant contingent liabilities and unrecognized commitments of the Company as of June 30, 2013 and December 31, 2012, June 30, 2012, and January 1, 2012 were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Receivables under custody	35,118,115	32,802,461	35,046,116	40,891,511
Loans made on behalf of others	800,000	800,000	800,000	800,000
Consigned travelers' checks	254,572	259,376	300,612	292,202
Guarantee notes payable	79,687,375	61,548,419	58,665,435	44,949,359
Assets under trust	125,280,802	111,832,419	106,729,023	100,151,245
Securities in custody	206,774,188	194,424,789	178,051,943	170,305,275
Government bonds in brokerage accounts	24,425,000	19,012,000	21,290,700	15,953,100
Short-term bills in brokerage accounts	1,019,400	909,400	171,500	715,500
Commitments of forward contracts with customers	48,123,867	44,086,256	76,890,738	53,818,666

b. Significant litigation

Item	Reason and Amount			
	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Chief director and staff indicted by prosecutor for breaking law in the conduct of operational activities in recent year	None	None	None	In May 2011, six staffs were prosecuted by Banciao District Prosecutors office because of violating Requirements of the Business Accounting Law.
Violating the law and being punished by authorities in the recent year	None	None	None	None
Deficiency corrected by authorities in the recent year	None	None	None	None
Punished by authorities according to Bank law No. 61-1 in the recent year	None	None	None	None
A single or whole security events due to fraudulence, accident or against "Outlines Governing the Security Maintenance and Administration of Financial Institutions" which caused losses amount to $50 million in the recent year.	None	None	None	None
Other	None	None	None	None

c. Construction contracts

In order to expand the office space, SCB HK have entered into a memorandum with a non-related party to rebuild its head office in June, 2013. To date, the formal contract is not yet signed. The total price of contract is approximately about HK$556,700 thousand.

35. FINANCIAL INSTRUMENTS

a. Fair value information

1) Financial instruments not measured at fair value

Except as detailed in the following table, the Group consideres that the carrying amounts of financial instruments not measured at fair values approximate to their fair values or the fair values could not be reliably measured:

	June 30, 2013		June 30, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Held-to-maturity financial assets	$ 121,880,605	$ 118,089,653	$ 133,604,114	$ 133,582,747
Financial liabilities				
Bank debentures	33,140,260	32,934,220	20,245,149	20,226,275

	December 31, 2012		January 1, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Held-to-maturity financial assets	$ 125,137,107	$ 125,126,438	$ 173,884,651	$ 173,851,848
Financial liabilities				
Bank debentures	35,189,440	34,800,684	15,295,357	14,940,214

2) The evaluation method and assumptions used in measuring at fair value.

The fair value of financial assets and liabilities are determined as follows:

a) The fair value of financial assets with standard clauses and terms is quoted market price.

b) The fair value of derivative with active market is based on market price. The fair value of option derivative without market price is measured by using option pricing model. The fair value of non-option derivative without market price is measured by discounted cash flow method that uses the yield curve for the duration. The fair value of forward foreign exchange contract is measured by the forward exchange rate and the quoted interest rate which are derived from the yield curve of contractual maturity period. Interest rate swap contracts are measured based on the present value discounted from the estimated future cash flow.

c) The fair value of financial instruments other than the above is determined by the discounted cash flow analysis or other generally accepted pricing models.

3) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments Measured at Fair Value	**June 30, 2013**			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 641,754	$ 641,754	$ -	$ -
Bonds	873,841	873,354	487	-
Other	28,818,252	15,661	28,802,591	-
Financial assets designated as at FVTPL	2,268,431	-	-	2,268,431
Available-for-sale financial assets				
Stocks	9,786,685	2,682,400	-	7,104,285
Bonds	113,440,808	46,595,259	66,043,202	802,347
Other	53,921,978	6,213,008	46,446,927	1,262,043
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 209,951,749	$ 57,021,436	$ 141,293,207	$ 11,637,106
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	2,271,444	-	2,234,032	37,412
Derivative instruments held for hedging	140,528	-	140,528	-
	$ 2,411,972	$ -	$ 2,374,560	$ 37,412
Liabilities				
Financial liability at fair value through profit or loss	2,163,666	-	2,135,503	28,163
Derivative instruments held for hedging	40,362	-	40,362	-
	$ 2,204,028	$ -	$ 2,175,865	$ 28,163

Financial Instruments Measured at Fair Value	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 517,630	$ 517,630	$ -	$ -
Bonds	1,173,849	779,101	394,748	-
Other	23,465,942	45,455	23,420,487	-
Financial assets designated as at FVTPL	2,636,578	-	-	2,636,578
Available-for-sale financial assets				
Stocks	9,326,060	2,450,738	-	6,875,322
Bonds	154,397,486	45,161,309	108,445,737	790,440
Other	8,156,774	6,873,472	993,774	289,528
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 199,874,319	$ 55,827,705	$ 133,254,746	$ 10,791,868
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	628,114	-	595,436	32,678
Derivative instruments held for hedging	189,613	-	189,613	-
	$ 817,727	$ -	$ 785,049	$ 32,678
Liabilities				
Financial liability at fair value through profit or loss	510,609	-	490,076	20,533
Derivative instruments held for hedging	62,087	-	62,087	-
	$ 572,696	$ -	$ 552,163	$ 20,533

Financial Instruments Measured at Fair Value	June 30, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 525,702	$ 525,702	$ -	$ -
Bonds	1,253,856	722,531	531,325	-
Other	24,877,460	43,586	24,833,874	-
Financial assets designated as at FVTPL	2,492,995	-	-	2,492,995
Available-for-sale financial assets				
Stocks	9,356,937	2,069,361	-	7,287,576
Bonds	140,644,509	45,578,893	93,752,796	1,312,820
Other	3,516,904	2,224,989	993,673	298,242
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 182,868,363	$ 51,165,062	$ 120,111,668	$ 11,591,633

(Continued)

Financial Instruments Measured at Fair Value	June 30, 2012 Total	Level 1	Level 2	Level 3
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	$ 704,621	$ -	$ 641,346	$ 63,275
Derivative instruments held for hedging	245,928	-	245,928	-
	$ 950,549	$ -	$ 887,274	$ 63,275
Liabilities				
Financial liability at fair value through profit or loss	553,801	-	510,628	43,173
Derivative instruments held for hedging	83,736	-	83,736	-
	$ 637,537	$ -	$ 594,364	$ 43,173

(Concluded)

Financial Instruments Measured at Fair Value	January 1, 2012 Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 453,835	$ 453,835	$ -	$ -
Bonds	1,323,469	780,572	542,897	-
Other	24,370,915	44,508	24,326,407	-
Financial assets designated as at FVTPL	2,617,109	-	-	2,617,109
Available-for-sale financial assets				
Stocks	9,193,273	2,099,177	-	7,094,096
Bonds	121,329,200	49,237,781	70,040,484	2,050,935
Other	3,080,182	1,786,359	991,951	301,872
Other financial assets				
Debt investment with no active market	200,000	-	-	200,000
	$ 162,567,983	$ 54,402,232	$ 95,901,739	$ 12,264,012
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	703,172	-	595,076	108,096
Derivative instruments held for hedging	296,410	-	296,410	-
	$ 999,582	$ -	$ 891,486	$ 108,096
Liabilities				
Financial liability at fair value through profit or loss	474,469	-	406,334	68,135
Derivative instruments held for hedging	104,452	-	104,452	-
	$ 578,921	$ -	$ 510,786	$ 68,135

There were no transfers of financial instruments between level 1 and level 2 fair value measurement for the six months ended June 30, 2013 and 2012.

4) Reconciliation of level 3 fair value measurements of financial assets and liabilities for the six months ended June 30, 2013 and 2012 is as follows:

For the six months ended June 30, 2013

Unit: NTD Thousands

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange Rate Effect	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets at FVTPL									
Held-for-trading financial assets	$ 32,678	$ 6,059	$ 1	$ -	$ -	$ (1,326)	$ -	$ -	$ 37,412
Financial assets designated as at fair value	2,636,578	31,254	86,280	299,890	-	(785,571)	-	-	2,268,431
Available-for-sale financial assets	7,955,290	-	87,646	1,262,619	-	(317,014)	-	180,134	9,168,675
Other financial assets									
Debt investments with no active markets	200,000	-	-	-	-	-	-	-	200,000
Liabilities									
Financial liabilities at FVTPL									
Held-for-trading financial liabilities	20,533	8,293	-	-	-	(663)	-	-	28,163

For the six months ended June 30, 2012

Item	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange Rate Effect	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets at FVTPL									
Held-for-trading financial assets	$ 108,096	$ (2,386)	$ (1)	$ -	$ -	$ (42,434)	$ -	$ -	$ 63,275
Financial assets designated as at fair value	2,617,109	(1,954)	(32,418)	299,140	-	(388,882)	-	-	2,492,995
Available-for-sale financial assets	9,446,903	-	199,108	5,312	-	(752,685)	-	-	8,898,638
Other financial assets									
Debt investments with no active markets	200,000	-	-	-	-	-	-	-	200,000
Liabilities									
Financial liabilities at FVTPL									
Held-for-trading financial liabilities	68,135	(3,744)	(1)	-	-	(21,217)	-	-	43,173

5) Sensitivity analysis for alternative assumptions of level 3 fair value measurements of financial instruments.

The Group reasonably measured the fair values of its financial instruments; however, using different valuation models, evaluation method and underlying assumptions may lead to different results. For those financial instruments classified as level 3 fair value measurement, if the parameters went up 1%, the influence on net income or other comprehensive income would be as follows:

June 30, 2013

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 20,496	$ (3,283)	$ -	$ -
Financial assets designated as at fair value	-	(2,871)	-	-

(Continued)

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Available-for-sale financial assets	$ -	$ -	$ 71,043	$ (9,410)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(20,496)	-	-

(Concluded)

December 31, 2012

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 13,783	$ (1,077)	$ -	$ -
Financial assets designated as at fair value	-	(4,510)	-	-
Available-for-sale financial assets	-	-	68,753	(7,313)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(13,783)	-	-

June 30, 2012

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 19,767	$ (17,015)	$ -	$ -
Financial assets designated as at fair value	-	(5,621)	-	-
Available-for-sale financial assets	-	-	72,876	(15,455)

(Continued)

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,545	(19,767)	-	-

(Concluded)

January 1, 2012

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 43,148	$ (26,938)	$ -	$ -
Financial assets designated as at fair value	-	(7,552)	-	-
Available-for-sale financial assets	-	-	70,941	(24,869)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	10,102	(43,148)	-	-

For financial instruments those were classified as the level 3 if the parameters went down 1%, the influence of net income or other comprehensive income is as follows:

June 30, 2013

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 10,695	$ (3,215)	$ -	$ -
Financial assets designated as at fair value	2,871	-	-	-

(Continued)

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Available-for-sale financial assets	$ -	$ -	$ 9,591	$ (71,043)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	-	(10,695)	-	-

(Concluded)

December 31, 2012

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 5,171	$ (5,355)	$ -	$ -
Financial assets designated as at fair value	4,510	-	-	-
Available-for-sale financial assets	-	-	7,558	(68,753)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	4,412	(5,171)	-	-

June 30, 2012

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 17,574	$ (36,084)	$ -	$ -
Financial assets designated as at fair value	1,817	-	-	-
Available-for-sale financial assets	-	-	23,170	(72,876)

(Continued)

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	$ 20,637	$ (17,574)	$ -	$ -

(Concluded)

January 1, 2012

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflected in Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets	$ 24,146	$ (46,187)	$ -	$ -
Financial assets designated as at fair value	7,552	-	-	-
Available-for-sale financial assets	-	-	39,121	(70,941)
Liabilities				
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	29,626	(24,146)	-	-

b. Financial risk management

1) Risk management

The Group's objective in risk management is to establish a risk control mechanism weighing the entire risk of the Group, restrictions from laws and regulations, to diversify, transfer, and avoid risk, and to pursue the maximum benefits of the Group's customers, shareholders, and employees. The Group's major risks include credit risk, market risk (interest rate, exchange rate and equity securities), operational risk, liquidity risk and so on.

The Group established written risk management policies and procedures that were considered and approved by the board to identify, measure, monitor, and control the credit risk, market risk, and liquidity risk.

The Group's risk management department performs the Group's risk management activities pursuant to the policies approve by the Board. Risk management department works with other business departments in order to identify, evaluate, and avoid any financial risks. The board formulates the written policies for risk management; the policy included specific exposures such as currency risk, interest rate risk, credit risk, derivative and non-derivative financial instruments. In addition, the department of internal audit is responsible for independent review of risk management and control environment.

2) Credit risks

Credit risks result from the counterparties' failure to fulfill the contractual obligations causing the Group's financial loss. Both in-balance-sheet and off-balance-sheet items were covered in credit risks. For the Group's credit exposures, in-balance-sheet items result mainly from discounts and loans, credit card business, due from and call loans to banks, debt investments, and derivatives instruments. Off-balance sheet items result mainly from financial guarantee, acceptances, letters of credit, loan commitments, and other services which also generate credit exposure.

To ensure that the credit risk is controlled within a tolerable range, the Group established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either on-balance-sheet or off-balance-sheet, to identify the inherent and potential risks. The Bank examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Bank also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Group's foreign operation units adopt policies and standards same with above to assess their asset quality and provision for contingent loss, and also include policies that comply with the regulations of the local financial supervisory commission.

a) Procedures of credit risk management

Major procedures and methods for credit risk management are as follows:

i. Credit business (loan commitments and guarantees included)

The classification of credit assets and credit quality levels are as follows:

i) Classification of credit assets

Credit assets are divided into normal, notice, warning, difficult and uncollectible. The Bank established its "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans'' and "Credit Asset Valuation Guidelines" to manage credit issues related to nonperforming loans.

ii) Credit quality rating

The Group establishes a credit quality rating guide (either using internal rating models or credit rating table) based on the business characteristics, scale and other factors and uses it in its risk management.

In order to assess the corporate clients' credit risk, the Group develops a credit rating model by using statistical methods or professional judgments and by considering clients' information. The model is reviewed regularly to determine whether the computation agrees to the actual situation, and makes adjustments to each parameter to optimize the calculation results.

For individual personal clients' credit loans and mortgage loans, internal credit rating model is used in the credit evaluation; other credits are assessed on a case by case basis.

The clients are assessed and ranked annually. In addition, to ensure the rationality of the credit rating system, the design, process and associated risk factors are reviewed and the models are evaluated based on the actual defaults on an annual basis.

ii. Due from and call loans to bank

The Group assesses the credit position of counterparties and consults a credit rating agency for credit rating information and set limits to the credit facilities.

iii. Debt investment and derivative financial instruments

For the credit risk management of debt investments, the Group identifies credit risk by using information from external institutions about credit ratings, quality of debts, region, and the risk of counterparties.

Most of the Group's counterparties in derivative transactions are assessed at higher than investment grade and the Group controls the investment according to counterparties' facilities (including call loans); counterparties that do not have credit ratings or are not assessed at investment grade are reviewed case by case. Counterparties which are non-financial or non-banking clients are assessed according to the general procedures for the approval of credit facilities and control of credit exposure situations of the counterparty.

iv. Other systems of credit risk management

The Group adopted a series of policies and measures to reduce credit risk for its loan business, among which requiring the borrower to provide collateral is frequently used. The Group has standard procedures for the assessment, management and disposal of collateral to ensure claims. The Group's loan contracts with clients include terms that lower the credit risks.

Collaterals of non-credit business are required depending on the nature of the financial instruments. Asset-based securities and other similar financial instruments are assessed as a group of assets or pool of financial instruments.

To avoid the risk of excessive concentration of credit, the Group has set a standard to limit credit to a single counterparty or a single group. In addition, the Group has set credit limits on industry, group companies, countries, business and other loans secured by stocks to control and monitor various asset concentration risk. And there is a system to monitor a single counterparty, group companies, affiliates, industry, nationality, ultimate risk country and other types of credit risk concentration.

The Group's transactions are usually settled on a gross basis, but some on a net basis, or upon default, all the transactions with the counterparty are terminated and settled on a net basis, in order to further reduce credit risk.

b) Credit risk exposures

The maximum exposure of the Group's assets in the balance sheet is equivalent to the book value, while the pledged assets and other credit instruments are not considered. The off-balance sheet items related to the maximum credit exposure (without considering collateral or other credit enhancements and irrevocable maximum exposure) are as follows:

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Developed and noncancelable loan commitments	$ 27,172,013	$ 23,805,025	$ 23,905,721	$ 24,689,731

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Noncancelable credit card commitments	$ 55,145,432	$ 55,888,538	$ 55,009,337	$ 54,718,959
Issued but unused letters of credit	52,920,008	51,024,405	52,183,591	51,212,596
Other guarantees	49,544,828	49,720,336	50,209,061	50,002,768

(Concluded)

The Group assessed that it could continually control and minimize its credit risk exposure of off-balance sheet items because it adopts stricter procedures and regularly audits credit accounts.

c) Information on concentration of credit risk

Concentration of credit risk exists if transaction counterparties significantly concentrated on same individuals or groups engaged in activities with similar economic characteristics, which may lead their ability to fulfill contractual obligations being affected by similar changes in economic or other conditions.

Concentration of credit risk can be on assets, liabilities or off-balance sheet items and can arise through the enforcement and implementation of transactions (regardless of products or service) or combination of exposures across categories, including credit, due from and call loans to banks, marketable securities, receivables and derivatives, etc. The Group maintains a diversified loan portfolio to mitigate the credit risk concentration to same customers; total discounts and loans transactions with same customers and non-performing loans were not material. The Group's most significant concentrations of credit risk of discounts and loans and non-performing loans by business, region, and collateral were summarized as follows:

i. Counterparty

	June 30			
	2013		2012	
Counterparty	Amount	% to Total	Amount	% to Total
Private sector	$ 455,185,815	62	$ 409,535,143	62
Consumer	254,183,044	35	225,684,447	34
Financial institution	20,593,437	3	17,405,483	3
Others	3,463,941	-	3,923,744	1
	$ 733,426,237	100	$ 656,548,817	100

	December 31, 2012		January 1, 2012	
Counterparty	Amount	% to Total	Amount	% to Total
Private sector	$ 410,382,523	62	$ 403,745,350	63
Consumer	234,024,564	35	221,194,773	34
Financial institution	17,564,988	3	15,911,644	2
Others	3,333,813	-	3,497,229	1
	$ 665,305,888	100	$ 644,348,996	100

ii. Region

Region	June 30 2013 Amount	June 30 2013 % to Total	June 30 2012 Amount	June 30 2012 % to Total
R.O.C.	$ 430,776,243	59	$ 396,621,930	60
Asia Pacific excluding R.O.C.	246,861,491	34	209,247,588	32
Europe	4,357,700	-	5,565,486	1
America	2,788,728	-	2,359,302	-
Africa	976,969	-	486,347	-
Others	47,665,106	7	42,268,164	7
	$ 733,426,237	100	$ 656,548,817	100

Region	December 31, 2012 Amount	December 31, 2012 % to Total	January 1, 2012 Amount	January 1, 2012 % to Total
R.O.C.	$ 411,492,703	62	$ 381,366,455	59
Asia Pacific excluding R.O.C.	202,838,930	30	212,945,472	33
Europe	3,988,124	1	5,654,652	1
America	3,314,440	-	1,297,301	-
Africa	468,638	-	506,360	-
Others	43,203,053	7	42,578,756	7
	$ 665,305,888	100	$ 644,348,996	100

iii. Collaterals assumed

Collaterals Assumed	June 30 2013 Amount	June 30 2013 % to Total	June 30 2012 Amount	June 30 2012 % to Total
Unsecured	$ 142,357,394	19	$ 133,716,722	21
Secured				
Properties	452,707,865	62	421,180,598	64
Guarantee	63,966,256	9	32,731,734	5
Financial collateral	38,642,030	5	27,377,766	4
Movable properties	11,274,060	2	15,496,626	2
Other collaterals	24,478,632	3	26,045,371	4
	$ 733,426,237	100	$ 656,548,817	100

Collaterals Assumed	December 31, 2012 Amount	% to Total	January 1, 2012 Amount	% to Total
Unsecured	$ 133,432,877	20	$ 140,019,541	22
Secured				
Properties	420,756,755	63	406,971,333	63
Guarantee	39,941,792	6	28,346,234	4
Financial collateral	31,315,857	5	29,596,567	5
Movable properties	14,895,429	2	16,885,783	3
Other collaterals	24,963,178	4	22,529,538	3
	$ 665,305,888	100	$ 644,348,996	100

d) Information on credit risk quality

Part of the financial assets held by the Group, cash and cash equivalents, financial assets at fair value through profit or loss, investment in bills and bonds with resale agreements, guarantee deposits paid, security business, and clearing and settlement fund, etc. are assessed to have very low credit risk because the counterparties have good credit ratings.

In addition to the above, the credit analysis of the remaining financial assets is as follows:

i. Credit quality analysis of discounts and loans and receivables

i) The Bank and its domestic subsidiaries

June 30, 2013	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,840,923	$ 727,968	$ 81,833	$ 2,650,724	$ 55,039	$ 103,690	$ 2,809,453	$ 25,334	$ 123,882	$ 2,660,237
Others	2,076,935	3,467,962	246,088	5,790,985	508,872	753,216	7,053,073	80,374	76,773	6,895,926
Discounts and loans	288,059,485	156,433,104	27,754,180	472,246,769	19,448,288	15,742,682	507,437,739	5,197,696	1,838,568	500,401,475

December 31, 2012	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,442,698	$ 692,821	$ 91,111	$ 2,226,630	$ 61,126	$ 104,002	$ 2,391,758	$ 25,314	$ 109,293	$ 2,257,151
Others	2,427,591	2,774,930	376,686	5,579,207	517,007	1,067,587	7,163,801	54,070	85,454	7,024,277
Discounts and loans	275,900,955	135,602,166	29,768,415	441,271,536	11,386,283	12,083,246	464,741,065	5,737,333	2,058,775	456,944,957

June 30, 2012	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,721,811	$ 740,206	$ 96,127	$ 2,558,144	$ 60,620	$ 104,743	$ 2,723,507	$ 27,310	$ 109,347	$ 2,586,850
Others	2,466,096	2,939,154	448,232	5,853,482	323,834	564,320	6,741,636	40,498	97,209	6,603,929
Discounts and loans	266,682,391	130,066,110	27,011,677	423,760,178	13,901,102	10,728,028	448,389,308	5,333,996	2,391,598	440,663,714

January 1, 2012	Neither Past Due Nor Impaired				Overdue but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Strong	Moderate	Special Mention	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables										
Credit card	$ 1,545,141	$ 679,782	$ 100,981	$ 2,325,904	$ 61,891	$ 111,040	$ 2,498,835	$ 30,646	$ 82,527	$ 2,385,662
Others	2,892,362	3,079,715	289,824	6,261,901	412,743	457,324	7,131,968	25,862	93,664	7,012,442
Discounts and loans	245,737,374	136,617,253	21,229,364	403,583,991	17,247,117	9,045,858	429,876,966	4,479,898	2,368,923	423,028,145

ii) SCB (HK)

June 30, 2013	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 974,386	$ 23,665	$ -	$ -	$ -	$ 998,051	$ 13,195	$ 16,578	$ 1,027,824	$ 5,648	$ 25,455	$ 996,721
Others	5,880,399	-	-	-	-	5,880,399	-	-	5,880,399	-	-	5,880,399
Discounts and loans	215,233,757	5,299,224	-	-	-	220,532,981	4,386,642	1,068,875	225,988,498	154,133	868,631	224,965,734

December 31, 2012	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,162,822	$ 27,259	$ -	$ -	$ -	$ 1,190,081	$ 7,714	$ 16,690	$ 1,214,485	$ 5,522	$ 29,676	$ 1,179,287
Others	5,797,543	-	-	-	-	5,797,543	-	-	5,797,543	-	-	5,797,543
Discounts and loans	189,805,850	4,131,140	-	-	-	193,936,990	4,945,990	1,681,843	200,564,823	176,119	770,118	199,618,586

June 30, 2012	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,002,607	$ 20,301	$ -	$ -	$ -	$ 1,022,908	$ 11,035	$ 17,135	$ 1,051,078	$ 6,189	$ 25,938	$ 1,018,951
Others	6,672,326	-	-	-	-	6,672,326	-	-	6,672,326	-	-	6,672,326
Discounts and loans	197,153,816	4,317,667	-	-	-	201,471,483	4,646,584	2,041,442	208,159,509	224,138	786,442	207,148,929

January 1, 2012	Neither Past Due Nor Impaired Amount						Past Due but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)		Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)				Objective Evidence of Impairment	No Objective Evidence of Impairment	
Receivables												
Credit card	$ 1,305,479	$ 21,657	$ -	$ -	$ -	$ 1,327,136	$ 9,926	$ 15,939	$ 1,353,001	$ 5,121	$ 32,343	$ 1,315,537
Others	7,106,433	-	-	-	-	7,106,433	-	-	7,106,433	-	-	7,106,433
Discounts and loans	203,667,393	3,104,399	-	-	-	206,771,792	4,134,125	3,566,113	214,472,030	264,053	804,991	213,402,986

ii. Credit quality analysis of discounts and loans that are neither past due nor impaired

i) The Bank and its domestic subsidiaries

June 30, 2013	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentined	Total
Consumer banking				
Housing mortgage	$ 139,439,726	$ 10,501,468	$ 1,332,813	$ 151,274,007
Credit loans	374,264	217,365	196,613	788,242
Others	13,712,658	1,651,891	238,757	15,603,306
Corporate banking				
Secured	67,566,146	80,728,350	18,023,972	166,318,468
Unsecured	66,966,691	63,334,030	7,962,025	138,262,746
Total	$ 288,059,485	$ 156,433,104	$ 27,754,180	$ 472,246,769

December 31, 2012	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentined	Total
Consumer banking				
Housing mortgage	$ 132,213,942	$ 10,907,113	$ 1,143,547	$ 144,264,602
Credit loans	460,525	124,715	353,542	938,782
Others	12,192,472	1,744,282	150,390	14,087,144
Corporate banking				
Secured	61,908,586	61,207,688	19,911,064	143,027,338
Unsecured	69,125,430	61,618,368	8,209,872	138,953,670
Total	$ 275,900,955	$ 135,602,166	$ 29,768,415	$ 441,271,536

June 30, 2012	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentined	Total
Consumer banking				
Housing mortgage	$ 125,615,893	$ 11,032,592	$ 1,145,945	$ 137,794,430
Credit loans	575,238	96,765	407,208	1,079,211
Others	11,187,241	1,641,750	118,869	12,947,860
Corporate banking				
Secured	56,899,487	58,428,484	17,367,613	132,695,584
Unsecured	72,404,532	58,866,519	7,972,042	139,243,093
Total	$ 266,682,391	$ 130,066,110	$ 27,011,677	$ 423,760,178

January 1, 2012	Neither Past Due Nor Impaired			
	Strong	Moderate	Special Mentined	Total
Consumer banking				
Housing mortgage	$ 121,305,110	$ 11,502,877	$ 919,884	$ 133,727,871
Credit loans	773,123	123,260	246,886	1,143,269
Others	9,958,526	1,628,467	92,333	11,679,326
Corporate banking				
Secured	42,895,509	62,285,074	12,698,083	117,878,666
Unsecured	70,805,106	61,077,575	7,272,178	139,154,859
Total	$ 245,737,374	$ 136,617,253	$ 21,229,364	$ 403,583,991

ii) SCB (HK)

June 30, 2013	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 26,388,290	$ 526,914	$ -	$ -	$ -	$ 26,915,204
Credit loans	877,778	39,806	-	-	-	917,584
Others	21,200,401	125,446	-	-	-	21,325,847
Corporate banking						
Secured	111,912,310	2,966,780	-	-	-	114,879,090
Unsecured	21,462,107	294,974	-	-	-	21,757,081
Loans subtotal	181,840,886	3,953,920	-	-	-	185,794,806
Discounts	1,191	-	-	-	-	1,191
Overdrafts	12,046,162	824,912	-	-	-	12,871,074
Inward/outward documentary bills	21,345,518	520,392	-	-	-	21,865,910
Total	$ 215,233,757	$ 5,299,224	$ -	$ -	$ -	$ 220,532,981

December 31, 2012	Neither Past Due Not Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 24,691,972	$ 501,927	$ -	$ -	$ -	$ 25,193,899
Credit loans	844,702	20,257	-	-	-	864,959
Others	17,231,692	285,623	-	-	-	17,517,315
Corporate banking						
Secured	101,562,011	2,235,245	-	-	-	103,797,256
Unsecured	17,533,819	171,972	-	-	-	17,705,791
Loans subtotal	161,864,196	3,215,024	-	-	-	165,079,220
Discounts	1,607	-	-	-	-	1,607
Overdrafts	9,447,242	618,242	-	-	-	10,065,484
Inward/outward documentary bills	18,492,805	297,874	-	-	-	18,790,679
Total	$ 189,805,850	$ 4,131,140	-	$ -	$ -	$ 193,936,990

June 30, 2012	Neither Past Due Nor Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 25,354,289	$ 474,676	$ -	$ -	$ -	$ 25,828,965
Credit loans	946,453	103,731	-	-	-	1,050,184
Others	17,659,222	392,342	-	-	-	18,051,564
Corporate banking						
Secured	100,427,361	2,240,073	-	-	-	102,667,434
Unsecured	20,081,843	189,797	-	-	-	20,271,640
Loans subtotal	164,469,168	3,400,619	-	-	-	167,869,787
Discounts	1,022	-	-	-	-	1,022
Overdrafts	9,201,380	609,396	-	-	-	9,810,776
Inward/outward documentary bills	23,482,246	307,652	-	-	-	23,789,898
Total	$ 197,153,816	$ 4,317,667	$ -	$ -	$ -	$ 201,471,483

January 1, 2012	Neither Past Due Nor Impaired					
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal
Consumer banking						
Housing mortgage	$ 25,859,108	$ 337,508	$ -	$ -	$ -	$ 26,196,616
Credit loans	764,670	2,767	-	-	-	767,437
Others	20,167,717	175,681	-	-	-	20,343,398
Corporate banking						
Secured	102,330,797	1,648,076	-	-	-	103,978,873
Unsecured	21,819,233	124,632	-	-	-	21,943,865
Loans subtotal	170,941,525	2,288,664	-	-	-	173,230,189
Discounts	4,361	-	-	-	-	4,361
Overdrafts	8,519,743	552,741	-	-	-	9,072,484
Inward/outward documentary bills	24,201,764	262,994	-	-	-	24,464,758
Total	$ 203,667,393	$ 3,104,399	$ -	$ -	$ -	$ 206,771,792

iii. Credit quality analysis of security investment

i) The Bank

June 30, 2013	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 29,099,356	$ 16,534,799	$ 22,557,967	$ 325,709	$ 400,671	$ 68,918,502	$ -	$ 539,742	$ 69,458,244	$ 539,742	$ 68,918,502
Stocks	-	967,730	350,459	-	8,813,209	10,131,398	-	23,150	10,154,548	23,150	10,131,398
Bills	-	-	-	-	1,262,043	1,262,043	-	-	1,262,043	-	1,262,043
Held-to-maturity financial assets											
Bonds	257,078	-	299,372	298,964	-	855,414	-	-	855,414	-	855,414
Bills	111,385,618	-	-	-	-	111,385,618	-	-	111,385,618	-	111,385,618
Financial assets at FVTPL											
Bonds	-	-	795,564	299,890	1,172,977	2,268,431	-	-	2,268,431	-	2,268,431
Other financial assets											
Stocks	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000

December 31, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 24,952,249	$ 13,230,726	$ 20,949,500	$ 711,287	$ 300,000	$ 60,143,762	$ -	$ 522,662	$ 60,666,424	$ 522,662	$ 60,143,762
Stocks	-	1,010,075	316,329	-	9,270,373	10,596,777	-	34,293	10,631,070	34,293	10,596,777
Bills	993,774	-	-	-	289,528	1,283,302	-	-	1,283,302	-	1,283,302
Held-to-maturity financial assets											
Bonds	285,743	-	433,832	520,232	-	1,212,807	-	-	1,212,807	-	1,212,807
Bills	114,600,000	-	-	-	-	114,600,000	-	-	114,600,000	-	114,600,000
Financial assets at FVTPL											
Bonds	-	609,840	719,695	290,400	1,016,643	2,636,578	-	-	2,636,578	-	2,636,578
Other financial assets											
Stocks	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000

June 30, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 19,768,482	$ 11,227,684	$ 18,458,717	$ 682,273	$ 450,000	$ 50,587,156	$ -	$ 566,991	$ 51,154,147	$ 566,991	$ 50,587,156
Stocks	-	962,123	293,020	-	4,223,040	5,478,183	-	34,293	5,512,476	34,293	5,478,183
Bills	993,673	-	-	-	298,242	1,291,915	-	-	1,291,915	-	1,291,915
Held-to-maturity financial assets											
Bonds	314,643	37,246	1,133,452	534,682	-	2,020,023	-	-	2,020,023	-	2,020,023
Bills	121,900,000	-	-	-	-	121,900,000	-	-	121,900,000	-	121,900,000
Financial assets at FVTPL											
Bonds	-	448,710	741,178	299,140	1,003,967	2,492,995	-	-	2,492,995	-	2,492,995
Other financial assets											
Stocks	-	-	-	-	200,000	200,000	-	-	200,000	-	200,000

January 1, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Excellent	Good	Moderate	Normal	Unrated	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 15,724,510	$ 8,714,662	$ 16,568,066	$ 1,195,185	$ 150,000	$ 42,352,423	$ -	$ 589,186	$ 42,941,609	$ 589,186	$ 42,352,423
Stocks	-	889,469	356,702	-	4,027,479	5,273,650	-	34,293	5,307,943	34,293	5,273,650
Bills	991,951		-	-	301,872	1,293,823	-		1,293,823	-	1,293,823
Held-to-maturity financial assets											
Bonds	316,487	69,689	1,571,509	391,803	-	2,349,488	-	-	2,349,488	-	2,349,488
Bills	160,800,000	-	-	-	-	160,800,000	-	-	160,800,000	-	160,800,000
Financial assets at FVTPL											
Bonds	-	151,390	901,326	302,780	1,261,613	2,617,109	-	-	2,617,109		2,617,109
Other financial assets											
Stocks	-	-	-		200,000	200,000	-	-	200,000	-	200,000

ii) SCB (HK)

June 30, 2013	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 44,522,306	$ -	$ -	$ -	$ -	$ 44,522,306	$ -	$ -	$ 44,522,306	$ -	$ 44,522,306
Stocks	5,868,295	-	-	-	-	5,868,295	-	140,969	6,009,264	140,969	5,868,295
Bills	46,446,927	-	-	-	-	46,446,927	-	-	46,446,927	-	46,446,927
Held-to-maturity financial assets											
Bonds	9,639,573	-	-	-	-	9,639,573	-	-	9,639,573	-	9,639,573

(Amount in Thousands of New Taiwan Dollars)

December 31, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 94,253,724	$ -	$ -	$ -	$ -	$ 94,253,724	$ -	$ -	$ 94,253,724	$ -	$ 94,253,724
Stocks	5,602,755	-	-	-	-	5,602,755	-	142,113	5,744,868	142,113	5,602,755
Held-to-maturity financial assets											
Bonds	9,324,300	-	-	-	-	9,324,300	-	-	9,324,300	-	9,324,300

June 30, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+(C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 90,057,353	$ -	$ -	$ -	$ -	$ 90,057,353	$ -	$ -	$ 90,057,353	$ -	$ 90,057,353
Stocks	6,103,743	-	-	-	-	6,103,743	-	-	6,103,743	-	6,103,743
Held-to-maturity financial assets											
Bonds	9,684,091	-	-	-	-	9,684,091	-	-	9,684,091	-	9,684,091

January 1, 2012	Neither Past Due Nor Impaired						Past Due but Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Allowance for Impairment (D)	Net Amount (A)+(B)+ (C)-(D)
	Pass	Special Mentioned	Sub-Standard	Doubtful	Loss	Subtotal (A)					
Available-for-sale financial assets											
Bonds	$ 78,976,777	$ -	$ -	$ -	$ -	$ 78,976,777	$ -	$ -	$ 78,976,777	$ -	$ 78,976,777
Stocks	5,705,982	-	-	-	-	5,705,982	-	-	5,705,982	-	5,705,982
Held-to-maturity financial assets											
Bonds	10,735,163	-	-	-	-	10,735,163	-	-	10,735,163	-	10,735,163

The delay in the borrowers' processing and other administrative reasons may be the reason for the past due but not impaired financial assets.

Aging analysis of past due but not impaired financial assets is as follows:

Items	June 30, 2013			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 56,838	$ 11,396	$ -	$ 68,234
Others	503,793	5,079	-	508,872
Discounts and loans				
Consumer banking				
Housing mortgage	3,371,866	1,183,564	5,973	4,561,403
Credit loans	32,733	3,933	-	36,666
Others	381,942	166,075	3,522	551,539
Corporate banking				
Secured	9,967,607	1,385,034	-	11,352,641
Unsecured	5,896,667	1,202,415	-	7,099,082
Subtotal loans	19,650,815	3,941,021	9,495	23,601,331
Overdrafts	-	56,551	-	56,551
Inward/outward documentary bills	108,787	68,261	-	177,048
Total	19,759,602	4,065,833	9,495	23,834,930

Items	December 31, 2012			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 56,269	$ 12,571	$ -	$ 68,840
Others	512,550	4,457	-	517,007
Discounts and loans				
Consumer banking				
Housing mortgage	2,745,549	343,470	-	3,089,019
Credit loans	37,577	1,505	-	39,082
Others	373,250	11,645	45,871	430,766
Corporate banking				
Secured	7,238,499	187,827	-	7,426,326
Unsecured	5,018,809	155,610	-	5,174,419
Subtotal loans	15,413,684	700,057	45,871	16,159,612
Overdrafts	-	29,364	-	29,364
Inward/outward documentary bills	137,370	5,927	-	143,297
Total	15,551,054	735,348	45,871	16,332,273

Items	June 30, 2012			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 58,899	$ 12,756	$ -	$ 71,655
Others	266,673	57,161	-	323,834
Discounts and loans				
Consumer banking				
Housing mortgage	2,748,723	644,470	-	3,393,193
Credit loans	82,323	1,988	-	84,311
Others	361,125	68,809	2,911	432,845
Corporate banking				
Secured	6,673,127	465,090	40,564	7,178,781
Unsecured	7,062,554	157,583	-	7,220,137
Subtotal loans	16,927,852	1,337,940	43,475	18,309,267
Overdrafts	-	142,563	-	142,563
Inward/outward documentary bills	84,096	11,760	-	95,856
Total	17,011,948	1,492,263	43,475	18,547,686

Items	January 1, 2012			
	Past Due Up to a Month	Past Due One to Three Months	Past Due Over Three Months	Total
Receivables				
Credit card	$ 57,849	$ 13,968	$ -	$ 71,817
Others	389,153	23,590	-	412,743
Discounts and loans				
Consumer banking				
Housing mortgage	2,887,507	747,515	7,175	3,642,197
Credit loans	71,886	29,958	-	101,844
Others	512,568	117,484	7,315	637,367
Corporate banking				
Secured	4,629,338	1,781,486	-	6,410,824
Unsecured	6,906,580	3,609,530	-	10,516,110
Subtotal loans	15,007,879	6,285,973	14,490	21,308,342
Overdrafts	10,518	1,839	1,193	13,550
Inward/outward documentary bills	47,491	11,859	-	59,350
Total	15,065,888	6,299,671	15,683	21,381,242

3) Market risk

a) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and off-balance-sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price.

The Group's financial instruments are exposed to price, interest rate and foreign exchange rate risks. Major market price risk positions of equity securities include domestic listed stocks. Major interest risks include bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options. Major foreign exchange risks include foreign currency positions held by the Group.

b) Market risk management policies

The Group monitors its market risk and tolerable loss according to the risk management objectives and limits approved by the Board of Directors.

The Group also builds a market risk information system, which enables the Group to effectively monitor the management of the investment limits, assessment of gains and losses, and analysis of sensitivity factors. Such policies are reported to the Board of Directors in risk control meetings and serve as references for the decision making of the management.

The Group has split market risk exposures into trading and held-for-fixed-income portfolios which are controlled by both the Group's operation and risk management section. Routine control reports are reviewed by the Group's Board of Directors and relevant committees.

c) Market risk management process

i. Recognition and measurement

The Group's operation and risk management sections both identify market risk factors of exposure positions, which are used to measure market risks. Market risk factors include interest rates, foreign exchange rates and market price of equity securities, and exposures, gains and losses and sensitivity (PVO1, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

ii. Monitor and report

The Group's risk management department regularly reviews market risk management objective, positions and control of gains and losses, sensitivity analysis and pressure test and reports to the Board of Directors. Therefore, the Board of Directors could well understand market risk control. The Group has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management, and the department should report to relevant committee regularly.

d) Interest rate management policies

i. Definition of interest rate risk

Interest rate risk represents risks of changes in fair value of investment portfolio and loss in earnings resulting from changes in interest rates. Major products include interest rate-related financial securities and derivative instruments.

ii. Purpose of interest risk management

Interest rate risk management enhances the Group's ability to deal with a contingency to measure, manage and avoid negative influence of earnings and economic values of balance sheet items affected by the changes in interest rate on, and expects to raise up the efficiency of capital and the business management.

iii. Procedures of interest risk management

The Group carefully chooses investment target through conducting research in issuers' credit, financial status, country risks and interest rate trend. The Group also establishes trading amount limit and stop-loss limit including limit for trading department, trading personnel and trading commodity, etc. which are approved by top management and the Board of Directors.

The Group identifies re-pricing risk of interest rate and yield curve risk and measures possible effects on the Group's earnings and economic values of changes in interest rate. On a monthly basis, the Group reports the analysis and monitoring of limit on interest rate risk position and various interest rate management objectives to the Assets and Liabilities Management Committee and the Board of Directors.

Report to the Assets and Liabilities Management Committee is required when certain risk management objective has exceeded limit in order to resolve response action.

iv. Measurement methods

The Group measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Group also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel regularly. In addition, the Group regularly uses DV01 to measure portfolio that is affected by interest rate.

e) Foreign exchange rate risk management

i. Definition of foreign exchange risk

Foreign exchange risk means gains and losses resulting from currencies exchange at different times. The Group's foreign exchange rate risk results mainly from spot and forward foreign exchange. The Group's foreign exchange rate risk is relatively insignificant due to the fact that transactions are basically settled immediately on transaction date.

ii. Policies, procedures and measurement method for foreign exchange rate risk management

In order to control foreign exchange rate risk within tolerable range, the Group has established trading limit, stop-loss limit and maximum loss for trading department and trading personnel and the risk is controlled within the tolerable range.

The Group undertakes pressure test on a seasonal basis and uses 3% fluctuation in major foreign exchange rate (USD) as a scenario and reports test results to the Assets and Liabilities Management Committee.

f) Equity securities price risk management

i. Definition of equity securities price risk

The market risk of equity securities held by the Group includes individual and general risk from price fluctuations of both individual equity security and the entire equity security market.

ii. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent financial status from deteriorating in earnings due to violent fluctuation in equity security prices to enhance capital efficiency and strengthen operation.

iii. Procedures of equity security price risk management

The Group regularly uses β value to measure the degree of influence on investment portfolio system risk. Stop-loss point is set according to the policy approved by the Assets and Liabilities Management Committee. Stop-loss action must be taken when limit is reached, otherwise the investment department must submit request to top management personnel for approval.

iv. Measurement method

The Group's control of security price risk is based on risk values.

g) Market valuation technique

The Group assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on several market position changes. Limits of various financial instruments are set by the Board of Directors and monitored by the Assets and Liabilities Management Committee. The Group also performs sensitivity analysis based on major risk factors of various financial instruments in order to monitor the changes in various market risk factors of financial instruments.

i. Sensitivity analysis

i) Interest rate risk

The Group has assessed the possible impact on income if global yield curve moves between -100 to +100 base points simultaneously on June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.

ii) Foreign exchange rate risk

The Group assesses the possible impact on income when USD to NTD exchange rate fluctuates between -3% and +3% while other factors remain unchanged.

The functional currency of SCB (HK) is HKD, and the net on-balance-sheet position of SCB (HK) was denominated in USD; these two currencies were closely connected, there is immaterial foreign exchange risk arising from the translation of foreign-currency denominated financial assets and financial liabilities into HKD.

iii) Equity securities price risk

The Group has assessed the possible impact on income when equity security prices on June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 rises or falls by 10% while other factors remain unchanged.

The above analysis assumes that the trends of equity instruments are consistent with historical data.

ii. Sensitivity analysis is summarized as follows:

June 30, 2013			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	USD/NTD increased 3%	$ 1,359,477	$ 33,066
Foreign exchange risk	USD/NTD decreased 3%	(1,359,477)	(33,066)
Interest rate risk	Rate curve increased 100BPS	(2,651,924)	(39,740)
Interest rate risk	Rate curve decreased 100BPS	2,787,692	40,830
Price risk of equity securities	Price of equity securities increase 10%	585,027	8,785
Price risk of equity securities	Price of equity securities decrease 10%	(585,027)	(8,785)

December 31, 2012			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	USD/NTD increased 3%	$ 1,255,070	$ 1,874
Foreign exchange risk	USD/NTD decreased 3%	(1,255,070)	(1,874)
Interest rate risk	Rate curve increased 100BPS	(2,530,161)	(298,609)
Interest rate risk	Rate curve decreased 100BPS	2,707,354	304,324
Price risk of equity securities	Price of equity securities increase 10%	603,065	6,441
Price risk of equity securities	Price of equity securities decrease 10%	(603,065)	(6,441)

June 30, 2012			
Major Risk	Variation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	USD/NTD increased 3%	$ 1,195,058	$ 19,094
Foreign exchange risk	USD/NTD decreased 3%	(1,195,058)	(19,094)
Interest rate risk	Rate curve increased 100BPS	(2,579,824)	(209,521)
Interest rate risk	Rate curve decreased 100BPS	2,626,800	209,521
Price risk of equity securities	Price of equity securities increase 10%	357,465	8,947
Price risk of equity securities	Price of equity securities decrease 10%	(357,465)	(8,947)

January 1, 2012			
Major Risk	**Variation Range**	**Amount**	
		Equity	**Profit or Loss**
Foreign exchange risk	USD/NTD increased 3%	$ 1,215,086	$ (13,411)
Foreign exchange risk	USD/NTD decreased 3%	(1,215,686)	13,411
Interest rate risk	Rate curve increased 100BPS	(2,697,262)	(137,012)
Interest rate risk	Rate curve decreased 100BPS	2,752,668	137,012
Price risk of equity securities	Price of equity securities increase 10%	299,558	3,550
Price risk of equity securities	Price of equity securities decrease 10%	(299,558)	(3,550)

4) Liquidity risk

a) The sources and definition of liquidity risk

The liquidity risk is the possibility that the Group is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading the occurrence of defaults, liquidation of financial instruments becomes difficult, early redemption of interest-sensitive instruments happens, etc. The aforementioned factors may reduce cash balance to be used in for the areas of loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to the decrease in the overall assets and liabilities, the need to liquidate the Group's assets and the possibility of unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

b) The management policies are as follows:

The management procedures are monitored by the independent department of risk management; the procedures are as follows:

i. Regular financing and monitoring of cash flows to ensure the fulfillment of the requirements in the future

ii. Maintaining appropriate position of high liquidity assets which are easily realizable.

iii. Monitoring of liquidity ratios of the balance sheet according to the internal management purposes and external monitoring rules.

iv. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidation risk are applied and measured based on the estimated cash flows (the time gap is based on how the Group manages the liquidity risk) of 1 day, 10 days, and 1 month. Estimates of future cash flows are based on the maturity analysis of financial assets and liabilities. The risk management department also monitors the use of loan commitment, discount facilities, guarantee letters, and other types of contingent liabilities, and furthermore reports the related information to the risk management committee and the Board of Directors regularly.

The Group holds certain position of highly liquid interest bearing assets to fulfill its obligation and for future emergent needs. To manage the liquidity risk, the Group holds the following assets: Cash and cash equivalents, due from the Central Bank and banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial asset, held-to-maturity financial assets, and debt instruments with no active market, etc.

c) Maturity analysis

The analysis of cash outflows of non-derivative financial liabilities is illustrated according to the remaining terms from date of the balance sheet to maturity date of the contract. The disclosure of cash outflows of non-derivative financial liabilities is based on the cash flows of contracts so that the items could not correspond with all items in the balance sheet.

June 30, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 32,223,973	$ 314,270	$ 205,638	$ 2,762,402	$ 464,607	$ 35,970,890
Borrowings from the Central Bank and banks	1,499,450	-	-	-	-	1,499,450
Securities sold under repurchase agreements	3,217,971	637,483	146,076	216,575	-	4,218,105
Payables	29,658,565	1,024,725	383,222	62,913	1,499	31,130,924
Deposits and remittances	649,908,828	188,021,754	138,879,377	136,857,139	11,764,089	1,125,431,187
Bank debentures	140,260	-	-	-	33,000,000	33,140,260
Other financial liabilities	4,492,584	-	-	-	-	4,492,584

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 39,768,671	$ 1,938,277	$ 139,761	$ -	$ 3,095,788	$ 44,942,497
Borrowings from the Central Bank and banks	5,808,000	-	-	-	-	5,808,000
Securities sold under repurchase agreements	7,204,558	1,073,676	157,273	47,000	-	8,482,507
Payables	22,436,035	1,079,188	685,104	467,382	6,873	24,674,582
Deposits and remittances	650,992,077	170,294,616	128,895,114	120,565,499	8,359,308	1,079,106,614
Bank debentures	189,440	-	2,000,000	-	33,000,000	35,189,440
Other financial liabilities	5,004,604	-	-	-	-	5,004,604

June 30, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 21,883,329	$ 1,902,966	$ -	$ -	$ -	$ 23,786,295
Securities sold under repurchase agreements	10,540,330	849,963	145,008	16,542	-	11,551,843
Payables	23,244,916	1,433,629	879,445	448,021	520	26,006,531
Deposits and remittances	632,628,792	179,676,154	107,756,887	98,083,465	7,273,956	1,025,419,254
Bank debentures	245,149	-	-	2,000,000	18,000,000	20,245,149
Other financial liabilities	6,079,542	-	-	-	-	6,079,542

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Due to the Central Bank and banks	$ 21,862,543	$ 1,808,058	$ -	$ -	$ -	$ 23,670,601
Borrowings from the Central Bank and banks	17,708,691	-	-	-	3,224,164	20,932,855
Securities sold under repurchase agreements	14,169,558	1,123,280	163,377	7,230	-	15,463,445
Payables	22,041,476	1,235,752	936,359	539,648	3,619	24,756,854
Deposits and remittances	626,973,562	204,269,388	100,112,857	89,346,678	7,675,212	1,028,377,697
Bank debentures	295,357	-	-	-	15,000,000	15,295,357
Other financial liabilities	5,540,279	-	-	-	-	5,540,279

The Group evaluated the contractual maturity date to comprehend all derivative financial instruments on the consolidated balance sheet. Because the disclosure of maturity analysis for derivative financial liabilities amount is based on the contract cash flows, part of the amount would not correspond with related items on the consolidated balance sheet. Maturity analysis of derivative financial liabilities is as follows:

i. Derivative financial liabilities of net settlement

June 30, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 122,599	$ 274,981	$ 417,020	$ 648,573	$ 20,251	$ 1,483,424
Rate derivatives	-	-	-	-	189	189

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 16,990	$ 15,922	$ 31,908	$ 104,432	$ -	$ 169,252
Rate derivatives	390	7,408	5,016	-	78,566	91,380

June 30, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 9,521	$ 12,663	$ 12,368	$ 36,797	$ -	$ 71,349
Rate derivatives	-	-	140	1,704	921	2,765

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives	$ 11,346	$ 20,438	$ 4,444	$ 13,342	$ -	$ 49,570
Rate derivatives	-	-	-	435	3,823	4,258

ii. Derivative financial liabilities of total settlement

June 30, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 31,665,016	$ 14,036,634	$ 8,735,313	$ 9,759,601	$ 288,549	$ 64,485,113
Cash outflow	31,684,224	14,120,141	8,789,912	9,759,467	288,239	64,641,983

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 28,718,182	$ 15,134,042	$ 10,686,396	$ 3,446,169	$ 104,742	$ 58,089,531
Cash outflow	28,744,037	15,142,726	10,685,046	3,442,986	103,637	58,118,432

June 30, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 34,039,885	$ 25,297,995	$ 16,675,020	$ 13,728,899	$ 709,452	$ 90,451,251
Cash outflow	34,133,576	25,323,315	16,654,053	13,730,793	706,811	90,548,548

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivatives						
Cash inflow	$ 22,422,332	$ 17,632,707	$ 21,803,219	$ 11,904,236	$ 138,650	$ 73,901,144
Cash outflow	22,444,791	17,613,573	21,776,388	11,900,691	137,450	73,872,893

The analysis of cash outflows of off-balance-sheet items is illustrated according to the remaining terms from date of the balance sheet to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the nearest time-zone of being asked to fulfill the guarantees. The disclosure of cash outflows of off-balance-sheet items is based on the cash flows of contracts so that part items could not correspond with all items in the balance sheet.

June 30, 2013	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 632,742	$ 1,295,454	$ 2,968,287	$ 5,118,414	$ 17,157,116	$ 27,172,013
Noncancelable credit card commitments	16,096	792,713	2,857,861	4,524,705	46,954,057	55,145,432
Issued but unused letters of credit	46,266,722	5,548,038	725,837	220,077	159,334	52,920,008
Other guarantees	5,572,446	8,169,822	5,203,811	13,647,464	16,951,285	49,544,828

December 31, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 156,597	$ 1,059,520	$ 2,123,008	$ 3,536,426	$ 16,929,474	$ 23,805,025
Noncancelable credit card commitments	34,580	1,043,549	2,152,439	5,176,748	47,481,222	55,888,538
Issued but unused letters of credit	44,990,693	4,951,989	474,584	536,690	70,449	51,024,405
Other guarantees	6,921,023	10,290,907	6,480,264	9,563,819	16,464,323	49,720,336

June 30, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 1,449,588	$ 440,401	$ 1,071,902	$ 2,197,197	$ 18,746,633	$ 23,905,721
Noncancelable credit card commitments	9,456	574,938	2,063,685	5,778,391	46,582,867	55,009,337
Issued but unused letters of credit	44,545,758	5,883,768	1,111,771	288,427	353,867	52,183,591
Other guarantees	5,272,119	11,657,292	6,013,096	9,622,575	17,643,979	50,209,061

January 1, 2012	Due in One Month	Due Between One Month and Three Months	Due Between Three Months and Six Months	Due Between Six Months and One Year	Due After One Year	Total
Developed and noncancelable loan commitments	$ 770,545	$ 429,180	$ 1,861,564	$ 2,793,829	$ 18,834,613	$ 24,689,731
Noncancelable credit card commitments	42,119	646,651	1,186,546	3,260,110	49,583,533	54,718,959
Issued but unused letters of credit	45,239,898	4,964,952	682,767	116,072	208,907	51,212,596
Other guarantees	7,302,784	10,821,807	5,452,758	10,108,418	16,317,001	50,002,768

c. Fair value hedge

Portion of bank debentures issued by the Bank, including first issue in 2006 (fully paid in May 2013), second issue in 2007 and first issue in 2008, and the corporate bonds held by the Bank are exposed to the fair value risk due to fluctuations in interest rates. The Bank considered this as a significant risk so that it entered into interest rate swap contracts to hedge such risk. The terms of interest rate swap contracts were as follows:

		June 30, 2013		June 30, 2012	
Hedged Items	Hedging Instruments	Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	$ 4,000,000	$ 140,528	$ 6,000,000	$ 245,928
Available-for-sale financial assets	Interest rate swap	-	-	1,650,000	(9,278)

		December 31, 2012		January 1, 2012	
Hedged Items	Hedging Instruments	Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	$ 6,000,000	$ 189,613	$ 6,000,000	$ 296,410
Available-for-sale financial assets	Interest rate swap	1,500,000	(5,549)	1,650,000	(13,617)

d. Cash flow hedge

The bank debentures first issue in 2007 were exposed to cash flow risk caused by the fluctuation of interest rates. The Bank considered this as a significant risk, and entered into interest rate swap contracts to hedge the cash flow risk. The terms of the interest rate swap contracts were as follows:

		June 30, 2013		June 30, 2012	
Hedged Items	Hedging Instruments	Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	$ 2,000,000	$ (40,362)	$ 2,000,000	$ (74,458)

		December 31, 2012		January 1, 2012	
Hedged Items	Hedging Instruments	Notion Amount	Fair Value	Notion Amount	Fair Value
Bank debentures	Interest rate swap	$ 2,000,000	$ (56,538)	$ 2,000,000	$ (90,835)

36. AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average amount and average interest rate of interest-earning assets and interest-bearing liabilities that is affected by interest rate fluctuations was as follows:

Average balances were calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

a. The Bank

	Six Months Ended June 30, 2013	
	Average Balance	**Average Rate (%)**
Interest-earning assets		
Cash and cash equivalents - due from other banks	$ 3,864,574	0.55
Due from the Central Bank and call loans to banks	69,614,001	0.72
Financial assets at fair value through profit or loss	28,792,092	1.07
Securities purchased under agreement to resell	818,065	0.70
Credit card revolving balances	896,943	16.57
Discounts and loans (excluding nonperforming loans)	483,543,564	2.30
Available-for-sale financial assets	66,438,067	1.76
Held-to-maturity financial assets	115,007,628	0.87
Bills purchased	10,521	1.39
Interest-bearing liabilities		
Due to the Central Bank and banks	10,085,531	0.75
Securities sold under agreement to repurchase	5,645,415	0.64
Borrowings from the Central Bank and banks	644,988	0.31
Negotiable certificates of deposits	4,551,730	0.78
Demand deposits	155,117,195	0.07
Savings deposits	108,642,482	0.38
Time deposits	282,116,694	0.98
Time-savings	120,839,383	1.33
Bank debentures	34,483,871	1.62
Appropriated loan funds	2,534,029	0.01
Structured deposit instruments principal	3,687,688	0.81

	Six Months Ended June 30, 2012	
	Average Balance	**Average Rate (%)**
Interest-earning assets		
Cash and cash equivalent - due from other banks	$ 2,706,614	0.21
Due from the Central Bank and call loans to banks	54,912,006	0.83
Financial assets at fair value through profit or loss	26,920,598	1.27
Securities purchased under agreement to resell	5,164,699	0.80
Credit card revolving balances	884,780	16.60

(Continued)

	Six Months Ended June 30, 2012	
	Average Balance	Average Rate (%)
Discounts and loans (excluding nonperforming loans)	$ 428,767,794	2.31
Available-for-sale financial assets	47,334,013	2.33
Held-to-maturity financial assets	154,149,443	0.91
Bills purchased	9,825	1.81
Interest-bearing liabilities		
Due to the Central Bank and banks	2,672,650	1.05
Securities sold under agreement to repurchase	15,207,602	0.72
Borrowings from the Central Bank and banks	8,261,151	0.80
Negotiable certificates of deposits	2,412,864	0.81
Demand deposits	144,330,748	0.08
Savings deposits	104,424,652	0.38
Time deposits	277,884,566	1.00
Time-savings	96,271,472	1.30
Bank debentures	17,020,430	1.72
Appropriated loan funds	2,860,589	0.01
Structured deposit instruments principal	4,418,050	1.23

(Concluded)

b. SCB (HK)

	Six Months Ended June 30, 2013	
	Average Balance	Average Rate (%)
Interest-earning assets		
Due from other banks	$ 186,106,339	1.33
Discounts and loans (excluding nonperforming loans)	216,463,283	3.17
Credit card revolving balances	283,291	29.93
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets	101,376,715	2.56
Interest-bearing liabilities		
Due to other banks	15,177,169	1.10
Demand deposits	157,572,716	0.03
Time deposits	272,811,767	1.32

	Six Months Ended June 30, 2012	
	Average Balance	**Average Rate (%)**
Interest-earning assets		
Due from other banks	$ 173,410,722	1.36
Discounts and loans (excluding nonperforming loans)	208,295,219	2.98
Credit card revolving balances	309,233	28.58
Debt instruments (including available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets	96,437,167	2.87
Interest-bearing liabilities		
Due to other banks	12,023,600	0.60
Demand deposits	143,706,504	0.03
Time deposits	267,187,473	1.49

37. CAPITAL MANAGEMENT

All the Group's risks were included in the assessment of capital adequacy range according to "Regulations Governing the Capital Adequacy" annual. The business projects and budget objective were approved by the Board of Directors, and furthermore the Bank considered the development strategy, capital adequacy, debt ratio, and dividend policy. The contents are included in stress test, estimate of each capital adequacy ratio to ensure achieving the objective of capital adequacy and strengthening the capital structure.

According to the Banking Law and related regulations, the Group should maintain a capital adequacy ratio of at least 8% to strengthen the financial basis. If the capital adequacy ratio falls below 8%, the Central Regulator would restrict the distributed earnings.

The following table which lists the equity capital, risk-weighted assets, and risk exposure is calculated according to "Regulations Governing the Capital Adequacy and Capital Category of Banks" that was modified by Financial Supervisory Commission R.O.C (Ref. No. 10110007010) on November 26, 2012.

The Group conformed the regulator capital management on June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012.

	June 30, 2012
Analysis items	
Eligible capital	
Common equity	$ 99,844,211
Other Tier I capital	-
Tier II capital	27,616,654
Eligible capital	$ 127,460,865

(Continued)

	June 30, 2012
Risk-weighted assets	
Credit risk	
Standardized approach	$ 877,473,039
Credit valuation adjustment	536,086
Internal rating based approach	N/A
Synthetic securitization	1,008,621
Operational risk	
Basic indicator approach	42,822,376
Standardized approach/alternative standardized approach	N/A
Advanced measurement approach	N/A
Market risk	
Standardized approach	45,271,951
Internal models approach	N/A
Total risk-weighted assets	$ 967,112,073
Capital adequacy ratio	13.18%
Ratio of common equity to risk-weighted assets	10.32%
Ratio of Tier I capital to risk-weighted assets	10.32%
Leverage ratio	3.78%

(Concluded)

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks".

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier I capital + Tier II capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.

4) Ratio of common equity to risk-weighted assets = Common equity ÷ Total risk-weighted assets.

5) Ratio of Tier I capital to risk-weighted assets = (Common equity + Other Tier I capital) ÷ Total risk-weighted assets.

6) Leverage ratio = Tier I capital ÷ Exposure measurement

	December 31, 2012	June 30, 2012	January 1, 2012
Analysis items			
Eligible capital			
Tier I capital	$ 113,019,734	$ 107,548,010	$ 108,817,768
Tier II capital	27,857,947	14,779,605	9,965,290
Tier III capital	-	-	-
Eligible capital	$ 140,877,681	$ 122,327,615	$ 118,783,058

(Continued)

	December 31, 2012	June 30, 2012	January 1, 2012
Risk-weighted assets			
Credit risk			
Standardized approach	$ 774,192,322	$ 739,082,950	$ 721,990,580
Internal rating based approach	N/A	N/A	N/A
Synthetic securitization	126,049	174,003	164,095
Operational risk			
Basic indicator approach	41,856,013	41,856,013	41,405,728
Standardized approach/alternative standardized approach	N/A	N/A	N/A
Advanced measurement approach	N/A	N/A	N/A
Market risk			
Standardized approach	51,444,269	36,962,649	28,538,723
Internal models approach	N/A	N/A	N/A
Total risk-weighted assets	$ 867,618,653	$ 818,075,615	$ 792,099,126
Capital adequacy ratio	16.24%	14.95%	15.00%
Ratio of Tier I capital to risk-weighted assets	13.03%	13.15%	13.74%
Ratio of Tier II capital to risk-weighted assets	3.21%	1.80%	1.26%
Ratio of Tier III capital to risk-weighted assets	-	-	-
Ratio of common shareholders' equity to total assets	2.77%	2.99%	2.80%
Leverage ratio	8.75%	8.65%	9.19%

Note 1: Eligible capital, risk-weighted assets and exposure measurement are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks".

Note 2: Formulas used were as follows:

1) Eligible capital = Tier I capital + Tier II capital + Tier III capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.

4) Ratio of Tier I capital to risk-weighted assets = Tier I capital ÷ Total risk-weighted assets.

5) Ratio of Tier II capital to risk-weighted assets = Tier II capital ÷ Total risk-weighted assets.

6) Ratio of Tier III capital to risk-weighted assets = Tier III capital ÷ Total risk-weighted assets.

7) Ratio of common shares to total assets = Common shares ÷ Total assets.

8) Leverage ratio = Tier I capital ÷ Adjusted average total asset (the average total asset excludes goodwill, deferred losses on the sale of nonperforming loans and items deducted from tier I capital because of ineligibility as defined under the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks").

38. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Assets quality: As stated in Table 1

b. Concentration of credit risks

Top 10 credit extensions information of head office and SCB (HK) was as below:

(In Thousands of New Taiwan Dollars)

Ranking (Note 1)	June 30, 2013					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 7,127,759	7.70	Q Group (hotels and property development)	$ 4,866,095	6.38
2	B Group (petroleum and coal)	5,924,116	6.40	R Group (steel and plastic trading)	3,787,872	4.97
3	C Group (real estate rental)	3,607,000	3.90	S Group (import and export of wearing apparel and accessories)	2,889,738	3.79
4	D Group (computer manufacturing)	3,577,395	3.87	T Group (automobile dealer)	2,862,749	3.75
5	E Group (civil aviation)	3,050,958	3.30	U Inc. (property investment)	2,594,022	3.40
6	F Inc. (ocean freight transportation forwarding services)	2,554,050	2.76	V Group (hotels and property investment)	2,306,830	3.02
7	G Inc. (paper exportation)	1,875,578	2.03	W Group (property investment)	2,162,104	2.83
8	H Inc. (chemical materials)	1,699,508	1.84	X Group (property investment)	2,086,686	2.73
9	I Group (Ocean freight transportation)	1,558,420	1.68	Y Group (property investment and construction)	1,969,491	2.58
10	J Inc. (wholesale of other specialized wholesale trade not elsewhere classified)	1,532,181	1.66	Z Group (property investment)	1,846,078	2.42

(In Thousands of New Taiwan Dollars)

Ranking (Note 1)	December 31, 2012					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 6,732,356	7.23	Q Group (hotels and property development)	$ 5,324,206	7.14
2	B Group (petroleum and coal)	5,808,076	6.23	V Group (hotels and property development)	3,187,608	4.27
3	D Inc. (computer manufacturing)	5,199,674	5.58	T Group (automobile dealer)	2,686,123	3.60
4	C Group (real estate rental)	3,627,460	3.89	U Inc. (property investment)	2,655,545	3.56
5	K Group (liquid crystal panel and components manufacturing)	3,086,282	3.31	S Group (import and export of wearing apparel and accessories)	2,170,945	2.91
6	E Group (civil aviation)	2,591,003	2.78	Y Group (hotels and property investment)	1,928,185	2.59
7	F Group (ocean freight transportation forwarding services)	2,554,050	2.74	X Group (property investment and construction)	1,792,947	2.40
8	L Inc. (computer manufacturing)	2,048,739	2.20	AA Group (property investment)	1,773,034	2.38
9	M Inc. (wholesale of other specialized wholesale trade not elsewhere classified)	1,752,716	1.88	Z Group (property investment)	1,758,791	2.36
10	G Inc. (paper exportation)	1,633,506	1.75	BB Group (real estate investment)	1,654,558	2.22

(In Thousands of New Taiwan Dollars)

Ranking (Note 1)	June 30, 2012					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 6,341,168	7.21	Q Group (hotels and property development)	$ 5,010,590	6.91
2	B Group (petroleum and coal)	5,121,400	5.82	V Group (hotels and property development)	3,167,640	4.37
3	C Group. (real estate rental)	3,627,460	4.13	U Group (property investments)	2,847,923	3.93
4	K Group (liquid crystal panel and components manufacturing)	3,614,722	4.11	S Inc. (import and export of wearing apparel and accessories)	2,565,712	3.54
5	E Group (civil aviation)	3,272,404	3.72	Z Group (property investments)	1,936,073	2.67
6	F Inc. (ocean freight transportation forwarding services)	2,554,050	2.90	AA Group (property investment)	1,818,376	2.51
7	L Group (computer manufacturing)	2,051,513	2.33	BB Group (real estate investment)	1,803,431	2.49
8	H Inc. (chemical materials)	1,693,809	1.93	CC Group (import and export metals)	1,769,087	2.44
9	N Inc. (computer components manufacturing)	1,681,936	1.91	DD Group (property investment)	1,768,169	2.44
10	G Inc. (paper exportation)	1,637,360	1.86	EE Group (import and export of knitted apparel)	1,559,825	2.15

Ranking (Note 1)	January 1, 2012					
	The Bank			SCB (HK)		
	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)	Group Enterprise (Note 2)	Total Balances of Credit Extensions (Note 3)	Ratio of Credit Extensions to Net Worth (%) (Note 4)
1	A Group (journalism publishing)	$ 6,073,843	6.85	Q Group (hotels and property development)	$ 5,384,750	7.40
2	B Group (petroleum and coal)	5,664,128	6.38	U Group (property investments)	2,887,240	3.97
3	C Group. (real estate rental)	3,960,518	4.46	FF (property investments)	2,728,029	3.75
4	K Group (liquid crystal panel and components manufacturing)	3,731,355	4.21	V Group (hotels and property development)	2,564,090	3.52
5	E Group (civil aviation)	3,441,157	3.88	AA Group (property investment)	2,004,879	2.76
6	H Inc. (chemical materials)	3,101,486	3.50	CC Group (import and export metals)	1,902,968	2.62
7	L Group (computer manufacturing)	2,380,308	2.68	BB Group (real estate investment)	1,868,201	2.57
8	O Inc. (petroleum and coal)	1,823,974	2.06	Z Group (property investments)	1,863,099	2.56
9	G Inc. (paper exportation)	1,732,683	1.95	DD Group (property investment)	1,856,010	2.55
10	N Inc. (computer components manufacturing)	1,707,026	1.92	EE Group (import and export of knitted apparel)	1,804,478	2.48

Note 1: The ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of a group enterprise, the credit balance of the borrower is then aggregated to the Group enterprise's credit balance. The borrower is marked by specific codes as well as its major industry. The major industry of a borrower is determined by its maximum exposures by industries. The classification of industry should be in line with the Standard Industrial Classification System of the Republic of China published by the Directorate-general of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: "Group Enterprise" conforms to the definition of Article 6 in "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Credit balance includes each item of loan (included import bill negotiated, export bill negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans and nonperforming loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable and grantees issued.

Note 4: It is net equity of SCB (HK).

c. Interest rate sensitivity information

1) The Bank

Interest Rate Sensitivity Analysis
June 30, 2013

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 549,263,228	$ 1,052,039	$ 551,951	$ 47,389,082	$ 598,256,300
Interest-sensitive liabilities	227,000,753	222,435,591	64,412,165	33,883,698	547,732,207
Interest sensitivity gap	322,262,475	(221,383,552)	(63,860,214)	13,505,384	50,524,093
Net equity					92,529,561
Ratio of interest-sensitive assets to liabilities					109.22%
Ratio of interest sensitivity gap to net equity					54.60%

Interest Rate Sensitivity Analysis
December 31, 2012

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 523,402,191	$ 1,944,241	$ 953,896	$ 39,389,292	$ 565,689,620
Interest-sensitive liabilities	221,724,424	216,075,322	51,510,247	33,271,187	522,581,180
Interest sensitivity gap	301,677,767	(214,131,081)	(50,556,351)	6,118,105	43,108,440
Net equity					93,162,934
Ratio of interest-sensitive assets to liabilities					108.25%
Ratio of interest sensitivity gap to net equity					46.27%

Interest Rate Sensitivity Analysis
June 30, 2012

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 492,557,259	$ 506,572	$ 1,603,401	$ 31,450,447	$ 526,117,679
Interest-sensitive liabilities	235,502,981	182,667,997	35,677,099	17,363,947	471,212,024
Interest sensitivity gap	257,054,278	(182,161,425)	(34,073,698)	14,086,500	54,905,655
Net equity					87,928,680
Ratio of interest-sensitive assets to liabilities					111.65%
Ratio of interest sensitivity gap to net equity					62.44%

Interest Rate Sensitivity Analysis
January 1, 2012

(In NT$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 511,000,695	$ 7,000,152	$ 1,951,821	$ 23,199,742	$ 543,152,410
Interest-sensitive liabilities	247,436,889	187,968,024	25,373,811	14,417,740	475,196,464
Interest sensitivity gap	263,563,806	(180,967,872)	(23,421,990)	8,782,002	67,955,946
Net equity					88,727,888
Ratio of interest-sensitive assets to liabilities					114.30%
Ratio of interest sensitivity gap to net equity					76.59%

Note 1: The tables above refer only to the financial assets/liabilities denominated in N.T. dollars held by the whole bank, contingent assets and liabilities excluded.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in New Taiwan dollars).

Interest Rate Sensitivity Analysis
June 30, 2013

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 4,808,930	$ 63,665	$ 60,454	$ 362,311	$ 5,295,360
Interest-sensitive liabilities	1,940,027	3,082,320	398,860	21	5,421,228
Interest sensitivity gap	2,868,903	(3,018,655)	(338,406)	362,290	(125,868)
Net equity					3,085,450
Ratio of interest-sensitive assets to liabilities					97.68%
Ratio of interest sensitivity gap to net equity					(4.08%)

Interest Rate Sensitivity Analysis
December 31, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 5,563,054	$ 45,188	$ 26,885	$ 337,427	$ 5,972,554
Interest-sensitive liabilities	2,729,994	3,115,163	426,760	1	6,271,918
Interest sensitivity gap	2,833,060	(3,069,975)	(399,875)	337,426	(299,364)
Net equity					3,208,090
Ratio of interest-sensitive assets to liabilities					95.23%
Ratio of interest sensitivity gap to net equity					(9.33%)

Interest Rate Sensitivity Analysis
June 30, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 4,368,911	$ 110,276	$ 48,847	$ 332,255	$ 4,860,289
Interest-sensitive liabilities	1,843,470	3,008,492	359,691	13	5,211,666
Interest sensitivity gap	2,525,441	(2,898,216)	(310,844)	332,242	(351,377)
Net equity					2,939,382
Ratio of interest-sensitive assets to liabilities					93.26%
Ratio of interest sensitivity gap to net equity					(11.95%)

Interest Rate Sensitivity Analysis
January 1, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 4,711,658	$ 175,844	$ 9,582	$ 250,056	$ 5,147,140
Interest-sensitive liabilities	2,782,107	2,767,136	374,194	1,615	5,925,052
Interest sensitivity gap	1,929,551	(2,591,292)	(364,612)	248,441	(777,912)
Net equity					2,930,441
Ratio of interest-sensitive assets to liabilities					86.87%
Ratio of interest sensitivity gap to net equity					(26.55%)

Note 1: The tables above refer only to the financial assets/liabilities denominated in U.S. dollars held by the whole bank, contingent assets and liabilities excluded.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in U.S. dollars).

2) SCB (HK)

Interest Rate Sensitivity Analysis
June 30, 2013

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 3,953,493	$ 349,624	$ 326,630	$ 655,143	$ 5,284,890
Interest-sensitive liabilities	3,733,004	546,764	186,135	35,551	4,501,454
Interest sensitivity gap	220,489	(197,140)	140,495	619,592	783,436
Net equity					2,432,080
Ratio of interest-sensitive assets to liabilities					117.40%
Ratio of interest sensitivity gap to net equity					32.21%

Interest Rate Sensitivity Analysis
December 31, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 3,834,946	$ 429,767	$ 383,322	$ 651,604	$ 5,299,639
Interest-sensitive liabilities	3,998,831	317,158	321,960	3,024	4,640,973
Interest sensitivity gap	(163,885)	112,609	61,362	648,580	658,666
Net equity					2,568,386
Ratio of interest-sensitive assets to liabilities					114.19%
Ratio of interest sensitivity gap to net equity					25.65%

Interest Rate Sensitivity Analysis
June 30, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 3,268,314	$ 298,461	$ 454,748	$ 723,373	$ 4,744,896
Interest-sensitive liabilities	3,792,666	524,629	144,886	4,126	4,466,307
Interest sensitivity gap	(524,352)	(226,168)	309,862	719,247	278,589
Net equity					2,316,387
Ratio of interest-sensitive assets to liabilities					106.24%
Ratio of interest sensitivity gap to net equity					12.03%

Interest Rate Sensitivity Analysis
January 1, 2012

(In US$ Thousands)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest-sensitive assets	$ 3,200,349	$ 400,012	$ 249,389	$ 730,584	$ 4,580,334
Interest-sensitive liabilities	3,510,367	445,106	290,729	15,182	4,261,384
Interest sensitivity gap	(310,018)	(45,094)	(41,340)	715,402	318,950
Net equity					2,301,813
Ratio of interest-sensitive assets to liabilities					107.48%
Ratio of interest sensitivity gap to net equity					13.86%

Note 1: The tables above refer only to the financial assets/liabilities denominated in U.S. dollars held by SCB (HK), contingent assets and liabilities excluded.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven by interest rate fluctuations.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities. (The interest rate-sensitive assets and liabilities are in U.S. dollars).

d. Profitability

Items		June 30, 2013	June 30, 2012
Return on total assets	Before income tax	1.30%	1.24%
	After income tax	1.11%	1.10%
Return on equity	Before income tax	12.34%	11.22%
	After income tax	10.57%	10.00%
Profit margin		56.46%	56.64%

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Profit margin = Income after income tax ÷ Total net revenues.

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2012.

Note 5: The profitability disclosed each quarter is calculated as annual percentage rate.

e. Maturity analysis of assets and liabilities

1) The Bank

a) New Taiwan dollars (thousands)

	Total	June 30, 2013 By Remaining Period to Maturity					
		0 to 10 Days	10 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 637,604,173	$ 125,523,912	$ 99,794,166	$ 12,787,740	$ 28,565,338	$ 42,750,729	$ 328,182,288
Main capital outflow on maturity	675,318,147	25,324,297	71,810,466	92,701,438	95,507,811	136,583,158	253,390,977
Gap	(37,713,974)	100,199,615	27,983,700	(79,913,698)	(66,942,473)	(93,832,429)	74,791,311

	Total	December 31, 2012					
		By Remaining Period to Maturity					
		0 to 10 Days	10 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 624,376,208	$ 108,516,122	$ 116,554,893	$ 28,012,506	$ 33,203,347	$ 38,017,659	$ 300,071,681
Main capital outflow on maturity	650,019,393	28,675,280	74,817,614	86,196,359	96,298,625	121,347,612	242,683,903
Gap	(25,643,185)	79,840,842	41,737,279	(58,183,853)	(63,095,278)	(83,329,953)	57,387,778

	Total	June 30, 2012					
		By Remaining Period to Maturity					
		0 to 10 Days	10 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 577,597,477	$ 87,845,972	$ 120,172,459	$ 23,407,784	$ 23,428,982	$ 39,990,662	$ 282,751,618
Main capital outflow on maturity	590,977,149	32,534,390	71,150,587	98,155,546	67,783,122	102,153,587	219,199,917
Gap	(13,379,672)	55,311,582	49,021,872	(74,747,762)	(44,354,140)	(62,162,925)	63,551,701

	Total	January 1, 2012					
		By Remaining Period to Maturity					
		0 to 10 Days	10 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 599,746,037	$ 105,854,018	$ 90,237,245	$ 71,323,150	$ 33,836,631	$ 32,920,594	$ 265,574,399
Main capital outflow on maturity	624,932,054	50,959,204	74,385,292	114,856,596	76,512,975	108,932,244	199,285,743
Gap	(25,186,017)	54,894,814	15,851,953	(43,533,446)	(42,676,344)	(76,011,650)	66,288,656

Note: This table includes only financial assets/liabilities denominated in New Taiwan dollars held by the head office and domestic branches.

b) U.S. dollars (thousands)

	Total	June 30, 2013				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,323,270	$ 1,401,308	$ 907,216	$ 2,263,266	$ 842,207	$ 1,909,273
Main capital outflow on maturity	6,122,827	1,717,011	1,222,048	1,013,958	1,557,727	612,083
Gap	1,200,443	(315,703)	(314,832)	1,249,308	(715,520)	1,297,190

	Total	December 31, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,888,634	$ 2,096,789	$ 1,492,593	$ 2,250,888	$ 569,881	$ 1,478,483
Main capital outflow on maturity	7,303,323	2,359,487	1,236,638	1,072,571	1,794,285	840,342
Gap	585,311	(262,698)	255,955	1,178,317	(1,224,404)	638,141

	Total	June 30, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,622,400	$ 1,115,678	$ 1,319,654	$ 2,124,345	$ 634,198	$ 1,428,525
Main capital outflow on maturity	5,835,671	1,611,168	1,137,562	1,071,373	1,442,610	572,958
Gap	786,729	(495,490)	182,092	1,052,972	(808,412)	855,567

	Total	January 1, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 9,703,588	$ 4,426,230	$ 1,212,835	$ 2,117,171	$ 544,492	$ 1,402,860
Main capital outflow on maturity	6,321,836	2,225,749	1,202,268	861,961	1,329,545	702,313
Gap	3,381,752	2,200,481	10,567	1,255,210	(785,053)	700,547

Note: This table includes only financial assets/liabilities denominated in U.S. dollars held by the head office, domestic branches and OBU.

2) SCB (HK)

U.S. dollars (thousands)

	Total	June 30, 2013				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,724,577	$ 1,237,509	$ 973,679	$ 458,517	$ 722,305	$ 2,332,567
Main capital outflow on maturity	4,688,360	2,914,202	1,012,403	485,259	226,022	50,474
Gap	1,036,217	(1,676,693)	(38,724)	(26,742)	496,283	2,282,093

	Total	December 31, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,683,881	$ 957,556	$ 1,126,914	$ 453,171	$ 652,922	$ 2,493,318
Main capital outflow on maturity	4,828,000	3,221,451	899,093	326,119	323,307	58,030
Gap	855,881	(2,263,895)	227,821	127,052	329,615	2,435,288

	Total	June 30, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,069,231	$ 890,589	$ 888,639	$ 313,996	$ 559,595	$ 2,416,412
Main capital outflow on maturity	4,612,492	2,879,613	997,927	530,289	144,158	60,505
Gap	456,739	(1,989,024)	(109,288)	(216,293)	415,437	2,355,907

	Total	January 1, 2012				
		By Remaining Period to Maturity				
		1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,144,728	$ 893,744	$ 828,604	$ 452,594	$ 423,142	$ 2,546,644
Main capital outflow on maturity	4,411,285	2,722,881	921,931	451,713	309,067	5,693
Gap	733,443	(1,829,137)	(93,327)	881	114,075	2,540,951

Note: This table includes only financial assets/liabilities denominated in U.S. dollars held by the head office, domestic branches and OBU.

39. THE CONTENTS AND AMOUNTS OF TRUST ACTIVITIES BY PROCESSING TRUST ENTERPRISE ACT

a. The trust account balance sheets, income statements and the details of trust assets are as follows:

Balance Sheet of Trust Account

Trust Assets	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Bank deposit	$ 2,473,736	$ 1,654,196	$ 1,732,600	$ 1,229,072
Short-term investments	66,910,282	67,668,012	67,158,036	65,291,106
Net asset value of collective investment trust fund	2,886,968	2,829,483	3,067,120	2,642,463
Account receivable	181,997	35,124	3,453	10,816
Land	10,971,488	7,218,037	5,630,034	6,120,878
Buildings and improvement, net	100,936	97,714	143,419	124,898
Depository of security	41,693,040	32,269,224	28,933,952	24,669,782
Other assets	62,355	60,629	60,409	62,230
Total trust assets	$ 125,280,802	$ 111,832,419	$ 106,729,023	$ 100,151,245

Trust Liabilities	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Depository of security payable	$ 41,693,040	$ 32,269,224	$ 28,933,952	$ 24,669,782
Trust capital	83,724,433	79,562,029	77,905,302	76,102,231
Accumulated (loss) gain and equity	(136,671)	1,166	(110,231)	(620,768)
Total trust liabilities	$ 125,280,802	$ 111,832,419	$ 106,729,023	$ 100,151,245

Trust Asset Lists

Item	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash in banks	$ 2,473,736	$ 1,654,196	$ 1,732,600	$ 1,229,072
Short-term investment				
Funds	59,997,267	61,267,393	60,863,857	59,493,967
Bonds	4,278,405	3,883,764	3,859,303	3,110,889
Common stocks	2,634,610	2,489,467	2,407,582	2,659,037
Short-term bills/securities purchased under resell agreements	-	25,388	25,294	25,213
Collective trust accounts	-	2,000	2,000	2,000
Net asset value of collective trust accounts	2,886,968	2,829,483	3,067,120	2,642,463
Receivable	181,997	35,124	3,453	10,816
Land	10,971,488	7,218,037	5,630,034	6,120,878
Buildings and improvement, net	100,936	97,714	143,419	124,898
Depository of securities	41,693,040	32,269,224	28,933,952	24,669,782
Other assets	62,355	60,629	60,409	62,230
Total	$ 125,280,802	$ 111,832,419	$ 106,729,023	$ 100,151,245

Income Statements of Trust Account

	For the Six Months Ended June 30	
	2013	2012
Trust income		
Interest revenue	$ 3,931	$ 2,805
Cash dividends income	-	77,345
Realized investment gain	653	436
Realized capital gain	9,700	785
Unrealized capital gain	81,001	54,682
Other revenue	35	26
	95,320	136,079
Trust expenses		
Tax expenditures	1,628	972
Management fee	1,010	1,604
Service fee	8,871	2,650
Realized capital losses	2,822	93
Unrealized capital losses	38,938	30,496
Other expenses	9	2
	53,278	35,817
Income before income tax	42,042	100,262
Income tax expense	-	-
Net income	$ 42,042	$ 100,262

40. EXCHANGE RATE INFORMATION FOR FOREIGN FINANCIAL ASSETS AND LIABILITIES

The information regarding financial assets/liabilities denominated in significant foreign currencies held by the Group was as follows:

a. The Bank

	June 30, 2013			June 30, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
CNY	$ 472,659	4.8794	$ 2,306,292	$ 139,173	4.7026	$ 654,475
USD	29,361	29.9890	880,507	63,741	29.9140	1,906,748
EUR	11,434	39.1701	447,871	5,899	37.2504	219,740
Due from the Central Bank and call loans to banks						
USD	603,364	29.9890	18,094,283	1,165,986	29.9140	34,879,305
CNY	1,163,700	4.8794	5,678,158	120,000	4.7026	564,312
HKD	400,000	3.8661	1,546,440	905,000	3.8555	3,489,228
Receivables						
USD	130,799	29.9890	3,922,531	88,035	29.9140	2,633,479
EUR	12,495	39.1701	489,430	2,546	37.2504	94,840
JPY	1,089,171	0.3037	330,781	2,123,745	0.3774	801,501
Discounts and loans						
USD	4,144,087	29.9890	124,277,025	3,343,578	29.9140	100,019,792
HKD	2,112,886	3.8661	8,168,629	1,761,060	3.8555	6,789,767
CNY	1,606,604	4.8794	7,839,264	1,273,661	4.7026	5,989,518
Option contract						
USD	48,965	29.9890	1,468,411	2,832	29.9140	84,716
Non-monetary items						
Structured corporate bonds contracts						
USD	60,109	29.9890	1,802,609	68,118	29.9140	2,037,682
HKD	50,000	3.8661	193,305	48,930	3.8555	188,650
Structured bank debenture contracts						
USD	9,087	29.9890	272,510	8,915	29.9140	266,683
Equity investments under the equity method						
USD	1,492,304	29.9890	44,752,710	1,418,033	29.9140	42,419,049
HKD	54,224	3.8661	209,635	51,229	3.8555	197,513
Financial liabilities						
Monetary items						
Payables						
USD	116,193	29.9890	3,484,512	111,609	29.9140	3,338,672
EUR	11,178	39.1701	437,843	8,299	37.2504	309,141
JPY	1,380,464	0.3037	419,247	971,324	0.3774	366,578
Due to the Central Bank and banks						
USD	228,011	29.9890	6,837,822	37,294	29.9140	1,115,613
HKD	379,546	3.8661	1,467,363	-	-	-
AUD	13,433	27.7323	372,528	-	-	-
Borrowings from the Central Bank and banks						
USD	50,000	29.9890	1,499,450	-	-	-
Deposits and remittances						
USD	5,122,965	29.9890	153,632,597	4,945,418	29.9140	147,937,234
CNY	3,441,032	4.8794	16,790,172	1,414,107	4.7026	6,649,980
AUD	247,414	27.7323	6,861,359	248,809	30.0606	7,479,348

	December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
CNY	$ 133,743	4.6587	$ 623,069	$ 109,087	4.7975	$ 523,345
USD	36,688	29.0400	1,065,420	189,290	30.2780	5,731,323
EUR	10,741	38.4548	413,043	5,492	39.2146	215,367
Due from the Central Bank and call loans to banks						
USD	1,934,464	29.0400	56,176,835	1,197,708	30.2780	36,264,203
CNY	834,000	4.6587	3,885,356	285,000	4.7975	1,367,288
HKD	595,000	3.7463	2,229,049	400,000	3.8972	1,558,880
Receivables						
USD	38,812	29.0400	1,127,100	125,208	30.2780	3,791,048
EUR	28,056	38.4548	1,078,888	13,024	39.2146	510,731
JPY	1,034,141	0.3361	347,575	1,942,456	0.3898	757,169
Discounts and loans						
USD	3,418,632	29.0400	99,277,073	3,348,617	30.2780	101,389,426
EUR	1,997,189	3.7463	7,482,069	2,013,033	3.8972	7,845,192
JPY	1,332,348	4.6587	6,207,010	144,608	4.7975	693,757
Option contract						
USD	5,661	29.0400	164,395	1,385	30.2780	41,935

(Continued)

	December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items						
Structured corporate bonds contracts						
USD	$ 75,207	29.0400	$ 2,184,011	$ 65,690	30.2780	$ 1,988,962
HKD	50,000	3.7463	187,315	46,875	3.8972	182,681
Structured bank debenture contracts						
USD	9,134	29.0400	265,251	14,712	30.2780	445,450
Equity investments under the equity method						
USD	1,506,373	29.0400	43,745,073	1,410,604	30.2780	42,710,254
HKD	52,982	3.7463	198,487	49,599	3.8972	193,298
Financial liabilities						
Monetary items						
Payables						
USD	107,438	29.0400	3,120,000	98,416	30.2780	2,979,840
EUR	23,589	38.4548	907,110	5,965	39.2146	233,915
JPY	810,573	0.3361	272,434	1,942,767	0.3898	757,291
Due to the Central Bank and banks						
USD	613,921	29.0400	17,828,266	656,644	30.2780	19,881,867
HKD	455,000	3.7463	1,704,567	710,000	3.8972	2,767,012
AUD	11,000	30.1203	331,323	3,200	30.7503	98,401
Borrowings from the Central Bank and banks						
USD	200,000	29.0400	5,808,000	220,000	30.2780	6,661,160
Deposits and remittances						
USD	5,393,942	29.0400	156,640,076	5,014,774	30.2780	151,837,327
CNY	2,288,647	4.6587	10,662,120	526,752	4.7983	2,527,514
AUD	136,813	30.1203	4,120,849	198,461	30.7503	6,102,735

(Concluded)

b. SCB (HK)

	June 30, 2013			June 30, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
USD	$ 65,080	29.9584	$ 1,949,693	$ 57,533	29.8900	$ 1,719,661
JPY	206,155	0.3031	62,486	343,908	0.3766	129,516
Due from the Central Bank and call loans to banks						
USD	1,814,438	29.9584	54,357,659	1,415,580	29.8900	42,311,686
EUR	67,050	39.1602	2,625,691	86,951	37.4223	3,253,906
Receivables						
USD	60,987	29.9584	1,827,073	77,323	29.8900	2,311,184
EUR	3,125	39.1602	122,376	3,293	37.4223	123,232
JPY	212,221	0.3031	64,324	578,252	0.3766	217,770
Discounts and loans						
USD	2,413,130	29.9584	72,293,514	2,123,770	29.8900	63,479,485
JPY	3,554,352	0.3031	1,077,324	5,034,355	0.3766	1,895,938
Non-monetary items						
Payables						
USD	75,616	29.9584	2,265,334	83,854	29.8900	2,506,396
EUR	3,042	39.1602	119,125	3,114	37.4223	116,533
JPY	202,377	0.3031	61,340	224,873	0.3766	84,687
Due to the Central Bank and banks						
USD	341,379	29.9584	10,227,169	162,619	29.8900	4,860,682
Deposits and remittances						
USD	4,265,043	29.9584	127,773,864	4,358,457	29.8900	130,274,280
AUD	801,242	27.7340	22,221,646	789,974	30.2233	23,875,621
CNY	106,469	39.1602	4,169,347	129,345	37.4223	4,840,387

	December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Finance assets						
Monetary items						
Cash and cash equivalents						
USD	$ 55,799	29.0109	$ 1,618,779	$ 85,185	30.2880	$ 2,580,083
JPY	422,393	0.3374	142,515	197,854	0.3904	77,242
Due from the Central Bank and call loans to banks						
USD	1,889,130	29.0109	54,805,362	1,144,084	30.2880	34,652,016
EUR	48,100	38.3222	1,843,298	89,796	39.1881	3,518,935
Receivables						
USD	65,831	29.0109	1,909,817	71,593	30.2880	2,168,409
EUR	3,194	38.3222	122,401	2,283	39.1881	89,466
JPY	292,842	0.3374	98,805	273,254	0.3904	106,678
Discounts and loans						
USD	2,230,284	29.0109	64,702,546	2,217,263	30.2880	67,156,462
JPY	4,127,116	0.3374	1,392,489	5,152,569	0.3904	2,011,563

(Continued)

	December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Non-monetary items						
Payables						
USD	$ 73,588	29.0109	$ 2,134,854	$ 84,689	30.2880	$ 2,565,060
EUR	3,043	38.3222	116,614	2,403	39.1881	94,169
JPY	245,711	0.3374	82,903	264,649	0.3904	103,319
Due to the Central Bank and banks						
USD	301,727	29.0109	8,753,372	13,297	30.2880	402,740
Due to the Central Bank and banks						
USD	-	-	-	237,852	30.2880	7,204,061
JPY	-	-	-	3,880,000	0.3904	1,514,752
Deposits and remittances						
USD	4,446,906	29.0109	129,008,745	4,107,492	30.2880	124,407,718
AUD	676,250	30.1641	20,398,473	774,838	30.7332	23,813,251
EUR	108,121	38.3222	4,143,435	135,689	39.1881	5,317,394

(Concluded)

41. ADDITIONAL DISCLOSURES

a. and b. Additional disclosures for the Bank and investees are the following:

1) Financing provided: The Bank - not applicable; investees - not applicable or none

2) Endorsement/guarantee provided: The Bank - not applicable; investees - not applicable or none

3) Marketable securities held: The Bank - not applicable; investees - Table 2

4)Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT$300 million or 10% of the issued capital: None

5) Acquisition of individual real estate at costs of at least $300 million or 10% of the issued capital: None

6) Disposal of individual real estate at prices of at least $300 million or 10% of the issued capital: None

7) Allowance for service fees to related-parties amounting to more than $5 million: None

8) Receivables from related parties amounting to at least $300 million or 10% of the issued capital: None

9) Sale of non-performing loans: None

10) Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None

11) Other significant transactions which may have effects on decision making of financial statement users: None

12) Names, locations, and other information of investees on which the Bank exercises significant influence: Table 3

13) Derivative financial transactions: Notes 8 on which the Bank exercises significant influence have no such transactions.

c. Investment in Mainland China:

1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 4

2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Table 4

d. Significant transactions and the amount among the parent and its subsidiaries: Table 5.

42. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the principal geographical areas and profit or loss of the segments. The Bank's reportable segments under SFAS No. 41, "Operating Segments" are Taiwan and Hong Kong.

The significant accounting policies of each operating segment are the same with the Bank's significant accounting policies stated in Note 4.

The Bank provides income before tax of each segment to the chief operating decision maker as the basis of resource allocation and assessment of segment performance.

The operating Segments information is as follows:

New Taiwan Dollars (Thousands)

	Six Months Ended June 30, 2013			
	Taiwan	**Offshore**	**Other Adjustments**	**Total**
Net interest	$ 4,477,691	$ 4,102,612	$ 34	$ 8,580,337
Net revenues other than interest	4,307,457	2,321,243	(1,989,973)	4,638,727
Net revenues	8,785,148	6,423,855	(1,989,939)	13,219,064
Provision for credit allowance	(402,354)	(137)	-	(402,491)
Operating expenses	(2,641,733)	(2,176,179)	26,779	(4,791,133)
Income before income tax	$ 5,741,061	$ 4,247,539	$ (1,963,160)	$ 8,025,440

	Six Months Ended June 30, 2012			
	Taiwan	**Offshore**	**Other Adjustments**	**Total**
Net interest	$ 4,201,210	$ 3,631,649	$ 17	$ 7,832,876
Net revenues other than interest	3,717,227	2,155,343	(1,889,882)	3,982,688
Net revenues	7,918,437	5,786,992	(1,889,865)	11,815,564
Provision for credit allowance	(358,402)	135,797	-	(222,605)
Operating expenses	(2,540,348)	(1,993,586)	24,537	(4,509,397)
Income before income tax	$ 5,019,687	$ 3,929,203	$ (1,865,328)	$ 7,083,562

The chief operating decision maker of the Bank relies on the amounts of loans and deposits during the period to assess the performance of the operating segment and make decisions. Thus, under Interpretation 2010-151 issued by ARDF, the measure of segment assets is zero.

43. FIRST-TIME ADOPTION OF IFRSs

a. Basis of preparation of financial information under IFRSs

The Group's consolidated financial statements for the six months ended June 30, 2013 are the first IFRS interim financial report prepared in accordance with the significant accounting policies stated in Note 4 and the requirements under IFRS 1 "First-time Adoption of IFRS."

b. The Group identified and reconciled the significant differences between IFRSs and ROC GAAP as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012:

ROC GAAP		Effect of Transition to IFRSs	IFRSs		
Item	Amount		Amount	Item	Note
Cash and cash equivalents	$ 69,354,310	(1,830,959)	$ 67,523,351	Cash and cash equivalents	7) j)
Due from the Central Bank and banks	171,297,190	1,830,959	173,128,149	Due from the Central Bank and banks	7) j)
Financial assets at fair value through profit or loss	29,468,500	-	29,468,500	Financial assets at fair value through profit or loss	
	-	296,410	296,410	Derivative financial assets for hedging	7) j)
Securities purchased under resell agreements	5,579,661	-	5,579,661	Securities purchased under resell agreements	
Receivables, net	17,860,807	(40,733)	17,820,074	Receivables, net	7) j)
	-	40,733	40,733	Income tax assets	7) j)
Discounts and loans, net	636,418,527	-	636,418,527	Discounts and loans, net	
Available-for-sale financial assets	126,508,559	7,094,096	133,602,655	Available-for-sale financial assets	7) b)
Held-to-maturity financial assets	173,884,651	-	173,884,651	Held-to-maturity financial assets	
Equity investments under the equity method	840,899	-	840,899	Equity investments under the equity method	
Other financial assets	3,357,677	(3,128,917)	228,760	Other financial assets	7) b), 7) j)
	-	1,045,416	1,045,416	Deferred tax assets	7) i)
Properties	18,199,857	-	18,199,857	Property and equipment, net	
	-	35,827	35,827	Investment property, net	7) h)
Other assets	5,908,928	(104,510)	5,804,418	Other assets	7) e), 7) j)
Total	$ 1,258,679,566	$ 5,238,322	$ 1,263,917,888	Total	
Due to the Central Banks and banks	$ 23,670,601	$ -	$ 23,670,601	Due to the Central Banks and banks	
Financial liabilities at fair value through profit or loss	474,469	-	474,469	Financial liabilities at fair value through profit or loss	
	-	104,452	104,452	Derivative financial liabilities for hedging	7) j)
Securities sold under repurchase agreements	15,463,445	-	15,463,445	Securities sold under repurchase agreements	
Payables	25,550,476	(793,622)	24,756,854	Payables	7) c), 7) j)
	-	175,947	175,947	Income tax payable	7) j)
Borrowings from the Central Bank and banks	20,932,855	-	20,932,855	Borrowings from the Central Bank and banks	
Deposits and remittances	1,028,377,697	-	1,028,377,697	Deposits and remittances	
Bank debentures	15,295,357	-	15,295,357	Bank debentures	
Other financial liabilities	5,644,731	(104,452)	5,540,279	Other financial liabilities	7) j)
	-	1,065,373	1,065,373	Provisions	7) f), 7) j)
Deferred tax liabilities	5,873,036	1,012,311	6,885,347	Deferred tax liabilities	7) e), 7) f), 7) i), 7) j)
Other liabilities	3,018,276	(322,680)	2,685,596	Other liabilities	7) c), 7) j)
Total liabilities	1,144,300,943	1,127,329	1,145,428,272	Total liabilities	
Capital stock	35,388,492	-	35,388,492	Share capital	
Capital surplus	4,611,242	-	4,611,242	Capital surplus	
Retained earnings	44,950,403	1,256,858	46,207,261	Retained earnings	6
Other shareholders' equity	1,437,894	1,166,143	2,604,037	Other shareholders' equity	7) b)
Treasury stock	(83,144)	-	(83,144)	Treasury stock	
Minority interest in subsidiaries	28,073,736	1,687,992	29,761,728	Non-controlling interest	7) b)
Total shareholders' equity	114,378,623	4,110,993	118,489,616	Total shareholders' equity	
Total	$ 1,258,679,566	$ 5,238,322	$ 1,263,917,888	Total	

2) Reconciliation of consolidated balance sheet as of June 30, 2012:

ROC GAAP		Effect of Transition to	IFRSs		
Item	Amount	IFRSs	Amount	Item	Note
Cash and cash equivalents	$ 67,001,162	(1,573,483)	$ 65,427,679	Cash and cash equivalents	7) j)
Due from the Central Bank and banks	163,170,597	1,573,483	164,744,080	Due from the Central Bank and banks	7) j)
Financial assets at fair value through profit or loss	29,854,634	-	29,854,634	Financial assets at fair value through profit or loss	
	-	245,928	245,928	Derivative financial assets for hedging	7) j)
Securities purchased under resell agreements	4,658,140	-	4,658,140	Securities purchased under resell agreements	
Receivables, net	16,769,846	112,210	16,882,056	Receivables, net	7) a), 7) j)
	-	40,733	40,733	Income tax assets	7) j)
Discounts and loans, net	647,863,539	-	647,863,539	Discounts and loans, net	
Available-for-sale financial assets	146,230,774	7,287,576	153,518,350	Available-for-sale financial assets	7) a), 7) b)
Held-to-maturity financial assets	133,604,114	-	133,604,114	Held-to-maturity financial assets	
Equity investment under the equity method	899,296	-	899,296	Equity investment under the equity method	
Other financial assets	3,291,202	(3,066,501)	224,701	Other financial assets	7) b), 7) j)
	-	961,525	961,525	Deferred tax assets	7) i)
Properties	18,799,615	5,552	18,805,167	Property and equipment, net	7) g)
	-	382,240	382,240	Investment property, net	7) h)
Other assets	5,791,116	(448,851)	5,342,265	Other assets	7) 1), 7) e), 7) j)
Total	$ 1,237,934,035	$ 5,520,412	$ 1,243,454,447	Total	
Due to the Central Banks and banks	$ 23,786,295	$ -	$ 23,786,295	Due to the Central Banks and banks	
Financial liabilities at fair value through profit or loss	553,801	-	553,801	Financial liabilities at fair value through profit or loss	
	-	83,736	83,736	Derivative financial liabilities for hedging	7) j)
Securities sold under repurchase agreements	11,551,843	-	11,551,843	Securities sold under repurchase agreements	
Payables	26,842,731	(836,200)	26,006,531	Payables	7) a), 7) c), 7) d),7) j)
	-	783,871	783,871	Income tax payable	7) j)
Borrowings from the Central Bank and banks	-	-	-	Borrowings from the Central Bank and banks	
Deposits and remittances	1,025,419,254	-	1,025,419,254	Deposits and remittances	
Bank debentures	20,245,149	-	20,245,149	Bank debentures	
Other financial liabilities	6,163,278	(83,736)	6,079,542	Other financial liabilities	7) j)
		976,999	976,999	Provisions	7) c), 7) f), 7) j)
Deferred tax liabilities	6,228,050	929,101	7,157,151	Deferred tax liabilities	7) a), 7) e), 7) f), 7) i)
Other liabilities	3,445,183	(325,208)	3,119,975	Other liabilities	7) c), 7) j)
Total liabilities	1,124,235,584	1,528,563	1,125,764,147	Total liabilities	
Capital stock	37,157,916	-	37,157,916	Capital stock	
Capital surplus	4,618,140	-	4,618,140	Capital surplus	
Retained earnings	42,311,208	1,233,256	43,544,464	Retained earnings	6, 7) a), 7) c), 7) d), 7) e), 7) f)
Other shareholders' equity	1,706,567	984,737	2,691,304	Other shareholders' equity	7) b)
Treasury stock	(83,144)	-	(83,144)	Treasury stock	
Minority interest in subsidiaries	27,987,764	1,773,856	29,761,620	Non-controlling interest	7) b)
Total shareholders' equity	113,698,451	3,991,849	117,690,300	Total shareholders' equity	
Total	$ 1,237,934,035	$ 5,520,412	$ 1,243,454,447	Total	

3) Reconciliation of the consolidated balance sheet as of December 31, 2012

ROC GAAP		Effect of Transition to	IFRSs		
Item	Amount	IFRSs	Amount	Item	Note
Cash and cash equivalents	$ 82,776,343	$ (1,355,050)	$ 81,421,293	Cash and cash equivalents	7) j)
Due from the Central Bank and banks	229,048,293	1,355,050	230,403,343	Due from the Central Bank and banks	7) j)
Financial assets at fair value through profit or loss	28,625,531	(203,418)	28,422,113	Financial assets at fair value through profit or loss	7) a)
	-	189,613	189,613	Derivative financial assets for hedging	7) j)
Securities purchased under resell agreements	730,712	-	730,712	Securities purchased under resell agreements	
Receivables, net	16,099,819	158,439	16,258,258	Receivables, net	7) a), 7) j)
	-	40,733	40,733	Income tax assets	7) j)
Discounts and loans, net	656,688,212	-	656,688,212	Discounts and loans, net	
Available-for-sale financial assets	165,004,998	6,875,322	171,880,320	Available-for-sale financial assets	7) b)
Held-to-maturity financial assets	125,137,107	-	125,137,107	Held-to-maturity financial assets	
Equity investment under the equity method	909,893	-	909,893	Equity investment under the equity method	
Other financial assets	3,132,062	(2,885,534)	246,528	Other financial assets	7) b), 7) j)
	-	1,075,848	1,075,848	Deferred tax assets	7) i)
Properties	19,992,948	(12,487)	19,980,461	Property and equipment, net	7) g)
	-	513,803	513,803	Investment property, net	7) h)
Other assets	6,201,144	(662,417)	5,538,727	Other assets	7) e), 7) j)
Total	$ 1,334,347,062	$ 5,089,902	$ 1,339,436,964	Total	
Due to the Central Banks and banks	$ 44,942,497	$ -	$ 44,942,497	Due to the Central Banks and banks	
Financial liabilities at fair value through profit or loss	510,609	-	510,609	Financial liabilities at fair value through profit or loss	
	-	62,087	62,087	Derivative financial liabilities for hedging	7) j)
Securities sold under repurchase agreements	8,482,507	-	8,482,507	Securities sold under repurchase agreements	
Payables	26,314,738	(1,640,156)	24,674,582	Payables	7) a), 7) c), 7) j)
	-	1,015,293	1,015,293	Income tax payable	7) j)

(Continued)

ROC GAAP		Effect of Transition to IFRSs	IFRSs		
Item	Amount		Amount	Item	Note
Borrowings from the Central Bank and banks	$ 5,808,000	-	$ 5,808,000	Borrowings from the Central Bank and banks	
Deposits and remittances	1,079,106,614	-	1,079,106,614	Deposits and remittances	
Bank debentures	35,189,440	-	35,189,440	Bank debentures	
Other financial liabilities	5,066,691	(62,087)	5,004,604	Other financial liabilities	7) j)
		1,100,097	1,100,097	Provisions	7) c), 7) f), 7) j)
Deferred tax liabilities	6,277,139	1,021,167	7,298,306	Deferred tax liabilities	7) e), 7) f), 7) i)
Other liabilities	2,835,233	(323,076)	2,512,157	Other liabilities	7) c), 7) j)
Total liabilities	1,214,533,468	1,173,325	1,215,706,793	Total liabilities	
Capital stock	37,157,916	-	37,157,916	Capital stock	
Capital surplus	4,618,140	-	4,618,140	Capital surplus	
Retained earnings	47,401,351	1,144,212	48,545,563	Retained earnings	6, 7) a), 7) e), 7) f), 7) g)
Other shareholders' equity	1,798,734	1,125,725	2,924,459	Other shareholders' equity	7) b)
Treasury stock	(83,144)	-	(83,144)	Treasury stock	
Minority interest in subsidiaries	28,920,597	1,646,640	30,567,237	Non-controlling interest	7) b)
Total shareholders' equity	119,813,594	3,916,577	123,730,171	Total shareholders' equity	
Total	$ 1,334,347,062	$ 5,089,902	$ 1,339,436,964	Total	

(Concluded)

4) Reconciliation of the statement of comprehensive income for the six months ended June 30, 2012

ROC GAAP		Effect of Transition to IFRSs	IFRSs		
Item	Amount		Amount	Item	Note
Interest income	$ 12,435,273	$ -	$ 12,435,273	Interest income	
Interest cost	4,602,397	-	4,602,397	Interest cost	
Net interest income	7,832,876	-	7,832,876	Net interest income	
Other noninterest income and gains, net					
Net service fee income	2,376,950	(7,303)	2,369,647	Net service fee income	7) c)
Net gain on financial assets and liabilities at fair value through profit or loss	184,899	-	184,899	Net gain on financial assets and liabilities at fair value through profit or loss	
Net gain on available-for-sale financial assets	490,183	48	490,231	Net gain on available-for-sale financial assets	7) a)
Investment loss recognized by the equity method	68,900	-	68,900	Share of the loss of associates accounted for by the equity method	
Foreign exchange gain (loss)	484,096	-	484,096	Foreign exchange gain (loss)	
Gain on reversal of impairment loss of available-for-sale financial assets	13,580	-	13,580	Gain on reversal of impairment loss of available-for-sale financial assets	
Gain on reversal of impairment loss of business	49,453	-	49,453	Gain on reversal of impairment loss of business	
Loss on disposal and retirement of properties and other assets	(2,107)	-	(2,107)	Loss on disposal and retirement of properties and other assets	
Other noninterest income, net	323,989	-	323,989	Other noninterest income, net	
Total other noninterest income and gains, net	3,989,943	(7,255)	3,982,688	Total other noninterest income and gains, net	
Net profit	11,822,819	(7,255)	11,815,564	Net profit	
Allowance for possible losses	222,605	-	222,605	Allowance for possible losses and reserve for guarantees	
Operating expenses					
Personnel expense	2,741,148	23,045	2,764,193	Employee benefits	7) d), 7) e), 7) f)
Depreciation and amortization	266,398	(5,552)	260,846	Depreciation and amortization	7) g)
Other and business and management expense	1,485,581	(1,223)	1,484,358	Other and business and management expense	7) c)
Total operating expenses	4,493,127	16,270	4,509,397	Total operating expenses	
Income before income tax	7,107,087	(23,525)	7,083,562	Income before income tax	
Income tax expense	1,339,903	77	1,339,980	Income tax expense	7) e), 7) f)
Consolidated net income	$ 5,767,184	$ (23,602)	5,743,582	Consolidated net income	
			(839,037)	Exchange differences resulting from translating the financial statements of foreign operations	7) b)
			977,686	Unrealized gains and losses on financial assets	7) b)
			16,376	Hedging instrument gains on effective hedging under cash flow hedge	
			191	Share of the loss of associates accounted for by the equity method and other comprehensive income	
			(30,213)	Income tax related the components of other comprehensive income	
			125,003	Other comprehensive income for the period, net of tax effect	
			$ 5,868,585	Total comprehensive income for the period	

5) Reconciliation of the statement of comprehensive income for the year ended December 31, 2012

ROC GAAP		Effect of Transition to IFRSs	IFRSs		
Item	**Amount**		**Amount**	**Item**	**Note**
Interest income	$ 25,100,781	$ -	$ 25,100,781	Interest income	
Interest cost	9,183,242	(12,708)	9,170,534	Interest cost	7) f)
Net interest income	15,917,539	12,708	15,930,247	Net interest income	
Other noninterest income and gains, net					
Net service fee income	4,657,577	-	4,657,577	Net service fee income	
Net gain on financial assets and liabilities at fair value through profit or loss	328,256	(4,602)	323,654	Net gain on financial assets and liabilities at fair value through profit or loss	7) a)
Net gain on available-for-sale financial assets	1,008,868	-	1,008,868	Net gain on available-for-sale financial assets	
Investment loss recognized by the equity method	109,114	-	109,114	Share of the loss of associates accounted for by the equity method	
Foreign exchange gain (loss)	993,810	-	993,810	Foreign exchange gain (loss)	
Loss on disposal and retirement of properties and other assets	82,425	-	82,425	Loss on disposal and retirement of properties and other assets	
Other noninterest income, net	1,495,393	-	1,495,393	Other noninterest income, net	
Total other noninterest income and gains, net	8,675,443	(4,602)	8,670,841	Total other noninterest income and gains, net	
Net profit	24,592,982	8,106	24,601,088	Net profit	
Allowance for possible losses	307,962	-	307,962	Allowance for possible losses and reserve for guarantees	
Operating expenses					
Personnel expense	5,656,524	18,344	5,674,868	Employee benefits	7) d), 7) e), 7) f)
Depreciation and amortization	550,756	12,487	563,243	Depreciation and amortization	7) g)
Other and business and management expense	3,071,405	-	3,071,405	Other and business and management expense	
Total operating expenses	9,278,685	30,831	9,309,516	Total operating expenses	
Income before income tax	15,006,335	(22,725)	14,983,610	Income before income tax	
Income tax expense	2,810,850	(959)	2,809,891	Income tax expense	7) e), 7) f)
Consolidated net income	$ 12,195,485	$ (21,766)	12,173,719	Consolidated net income	
			(1,423,907)	Exchange differences resulting from translating the financial statements of foreign operations	7) b)
			1,744,329	Unrealized valuation gains and losses from financial assets	7) b)
			(90,880)	Actuarial gains and losses	7) e), 7) f)
			229,542	Other comprehensive income for the period, net of tax effect	
			$ 12,403,261	Total comprehensive income for the period	

6) Exemptions granted by IFRS 1

IFRS 1, "First-time Adoption of IFRSs," establishes the procedures for entities' first-time preparation of consolidated financial statements in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies to be adopted under IFRSs and retrospectively apply those accounting policies in the financial statements at the date of transition to IFRSs (i.e. January 1, 2012, the "Transition Date"), except for optional exemptions to such retrospective application provided under IFRS 1. The main optional exemptions adopted by the Group are summarized as follows:

<u>Business combination</u>

The Bank chose to be exempted from retrospectively adopting IFRS 3 "Business Combination" for all business combinations completed before the date of transition to IFRSs. Therefore, goodwill, non-controlling interest and assets/liabilities acquired in past business combinations included in the balance sheet prepared under IFRSs as of Transition Date were stated at the same amount as reported in the balance sheet prepared under ROC GAAP as of December 31, 2011.

Such exemption is also applicable to acquisitions of investments in associates.

<u>Deemed cost</u>

On transition date, the Group measured the properties, investment properties and intangible assets at cost which is lin with ROC GAAP.

Share-based payment transactions

The Group chose to exempt from retrospectively adopting IFRS 2 “Share-based Payment” for all share-based transactions granted and vested prior to the Transition Date.

Employee benefits

The Group decided to recognize all previously unrecognized cumulative actuarial gains and losses related to employee benefit plan in retained earnings on transition date.

Cumulative translation differences

The Bank determined the balance of translation differences of foreign operations calculated under IFRSs at the Transition Date as zero. The balance of previously recognized cumulative translation adjustment was transferred into the Bank’s retained earnings.

Assets and liabilities of subsidiaries and associates

The Bank first-time adopted IFRSs later than some of its subsidiaries and associates; therefore, the Bank measured the assets and liabilities of these subsidiaries and associates at their book value as shown in their financial statements prepared under IFRSs. However, the book value is subject to adjustments according the optional exemptions and accounting policies chosen by the Bank.

Leases

The Group selected to determine whether arrangements in existence at the Transition Date contain lease elements by applying IFRIC 4 “Determining whether an Arrangement contains a Lease” based on facts and circumstances existing at the Transition Date.

The effects of the optional exemptions selected by the Group are further disclosed in item 7, “Significant reconciliation items of IFRSs transition”.

7) Significant reconciliation items of IFRSs transition

The Group identified significant differences between the accounting policies set forth under ROC GAAP and IFRSs as follows:

a) Regular way purchases of financial assets

The Bank currently applies settlement date basis accounting to its regular way purchases bonds and short-term bills (otherwise, trade date basis accounting is applied). With the adoption of IFRSs, trade date basis accounting shall apply to all regular way purchases of securities for consistency. As a result, receivables as of December 31, 2012 increased by $199,172 thousand while financial assets at FVTPL and payables decreased by $203,418 thousand and $62 thousand, respectively. Available-for-sale financial assets, receivables, prepaid taxes, payables, and deferred tax liabilities as of June 30, 2012 increased by $300,956 thousand, $152,943 thousand, $60 thousand, $453,730 thousand and $181 thousand, respectively (January 1, 2012: Nil). In addition, financial assets and liabilities at fair value through profit or loss decreased by $4,602 thousand for the year ended December 31, 2012, and gains on available-for-sale financial assets increased by $48 thousand for the six months ended June 30, 2012.

b) Financial assets carried at cost

Under “Regulations Governing the Preparation of Financial Reports by Public Banks”, financial assets carried at cost shall be recognized if, and only if: The equity investments are not traded in Taiwan Stock Exchange or GreTai Securities Market and the Bank cannot exercise significant influence on the investee. With the adoption of IFRSs, these equity investments shall be designated as financial assets at FVTPL or available for sale financial assets and measured at fair value.

As a result of IFRSs adoption, as of December 31, 2012, June 30, 2012 and January 1, 2012, available for sale financial assets increased by $6,875,322 thousand, $6,986,620 thousand and $7,094,096 thousand; unrealized gain on financial assets increased by $2,767,571 thousand, $2,684,894 thousand and $2,714,653 thousand; and minority interest increased by $1,646,640 thousand, $1,773,856 thousand and $1,687,992 thousand, respectively. As of December 31, 2012, June 30, 2012 and January 1, 2012, financial assets carried at cost decreased by $2,695,921 thousand, $2,820,574 thousand and $2,832,507 thousand; and cumulative translation adjustments decreased by $234,810 thousand, $292,704 thousand and $141,056 thousand, respectively.

c) Customer loyalty programmers

Under ROC GAAP, when reward points are given, the related liabilities are accrued. According to IFRIC13, reward points should be measured at fair value, and the Bank should calculate the revenues which should be deferred, and the revenues are recognized when customers ask for conversion.

As of December 31, 2012, June 30, 2012 and January 1, 2012, payables decreased by $120,570 thousand, $110,970 thousand and $109,747 thousand, and other liabilities - deferred revenue increased by $120,570 thousand, $117,050 thousand and $109,747 thousand. Project promotion expense (recorded as other operating and administrative expense) and service revenue decreased by $1,223 thousand and $7,303 thousand, respectively, for the six months ended June 30, 2012.

d) Employee benefits - short-term accumulating compensated absences

Short-term compensated absences are not defined under ROC GAAP; related expense is usually recognized when actually paid. After transferring into IFRS, expense should be recognized when employees render services that provide them benefit in the form of compensated absences.

As of June 30, 2012, both short-term accumulating compensated absences payable and employee benefits expense increased by $23,500 thousand.

e) Employee benefits - actuarial gains and losses on defined benefit plan

The Group's defined benefit plans is under actuary again in compliance with IAS No. 19 - "Employee Benefits" and decreased the carrying amount of prepaid pension cost (included in other assets) and deferred tax liabilities by $66,421 thousand and $11,291 thousand, respectively, on the Transition Date following the exemption provided by IFRS 1.

Under ROC GAAP, actuarial gains and losses are amortized over the expected average remaining working lives of the participating employees under the corridor approach. However, under IAS No. 19 - "Employee Benefits" and "Regulations Governing the Preparation of Financial Reports by Public Banks," the Group shall recognize the full amount of actuarial gains and losses as other comprehensive income immediately and charge to retained earnings in the consolidated statement of changes in shareholders' equity. The subsequent reclassification to current earnings is not permitted.

As of December 31, 2012 and June 30, 2012, the Group decreased prepaid pension cost (classified under other assets) by $144,349 thousand and $65,103 thousand, and decreased deferred tax liabilities by $24,539 thousand and $11,052, respectively, in accordance with the actuarial calculations under IFRSs. For the year ended December 31, 2012, the pension cost was decreased by $5,661 thousand and income tax expense was increased by $962 thousand. For the period ended June 30, 2012, the pension cost was decreased by $1,408 thousand and income tax expense was increased by $239 thousand.

f) Employee benefits - other employee benefits

Under IAS 19 "Employee Benefits" approved by the FSC, the Bank's policies regarding consolation benefit and favorable post-retirement savings are deemed as long term benefits to employees and are within the scope of IAS 19. Long term benefit obligation and benefit cost for these policies shall be recognized based on the result of actuarial valuation.

As of December 31, 2012, June 30, 2012 and January 1, 2012, the adoption of IAS 19 for the long-term benefit provided by the Bank increased the employee benefit liability by $152,220 thousand, $115,971 thousand and $115,018 thousand, respectively and decreased deferred income tax liability by $25,877 thousand, $19,714 thousand and $19,522 thousand, respectively. For the year ended December 31, 2012, employee benefit cost was increased by $24,005 thousand, interest expense was decreased by $12,708 thousand, and income tax expense was decreased by $1,921 thousand. For the period ended June 30, 2012, employee benefit cost was increased by $953 thousand, and income tax expense was increased by $162 thousand.

g) Property and equipment

In compliance with "Regulations Governing the Preparation of Financial Reports by Public Banks" and IAS 16 "Property, Plant and Equipment", critical components of property, plant and equipment shall be identified and depreciated separately.

For the year ended 2012, the Group increased depreciation expense and accumulated depreciation by $12,487 thousand and accumulated depreciation. For the six months ended June 30, 2012, the Group decreased depreciation expense and accumulated depreciation by $5,552 thousand.

h) Investment properties

Under ROC GAAP, properties held for rentals were classified under other assets. However, under IFRS, property held to earn rentals or for capital appreciation or both should be recorded as investment property; therefore, the properties held for such purposes were reclassified to investment properties.

As of December 31, 2012, June 30, 2012 and January 1, 2012, properties reclassified to investment properties amounted to $513,803 thousand, $382,240 thousand and $35,827 thousand, respectively, in compliance with IAS 40.

i) Deferred income tax asset/liability

Under ROC GAAP, the deferred tax liabilities and assets of the same taxable enterprise should be presented and reported on a net basis. However, under IFRSs, an entity can offset its deferred tax assets against its deferred tax liabilities only when the following criteria are met at the same time: 1) an entity has the legal right to offset its current tax assets and liabilities; 2) the deferred tax assets/liabilities are generated by the same entity and generated in the same jurisdiction (or generated by different entities but one entity expects to realize significant portion of these deferred tax assets/liabilities on a net basis in one foreseeable period or expects to realize the deferred tax assets/liabilities in the same period.

As a result, as of December 31, 2012, June 30, 2012 and January 1, 2012, deferred tax assets increased by $1,071,583 thousand, $959,867 thousand and $1,043,154 thousand, respectively, and deferred tax liabilities increased by the same amounts which are under operating activity.

j) Differences of presentation

In order to comply with the “Regulations Governing the Preparation of Financial Reports by Public Banks” and IFRSs starting in 2013, certain accounts in the balance sheet and statement of other comprehensive income are reclassified in accordance with IFRSs.

8) Material adjustment of consolidated cash flow statement

According to ROC GAAP, interest received is classified under operating activity and dividend received is classified under financing activity, and the consolidated cash flow statement which is under indirect method should disclose supplementary information for the amount of interest paid. According to IAS 7 “Cash Flow Statement”, interest and dividend received and paid should be disclosed independently, and should be classified on the same basis under operating, investment, or financing activities. Therefore, under IFRS, interest collection, interest payment and dividend received for the six months ended June 30, 2013 are $12,356,676 thousand, $4,404,061 thousand and $112,555 thousand.

Except for the abovementioned differences, there are no other material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs.

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLE
JUNE 30, 2013, DECEMBER 31, 2012, JUNE 30, 2012 AND JANUARY 1, 2012
(In Thousands of New Taiwan Dollars, %)

Date			June 30, 2013					June 30, 2012				
Business			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 496,307	$ 157,993,939	0.31	$ 1,811,240	364.94	$ 466,762	$ 125,168,630	0.37	$ 2,503,937	536.45
	Unsecured		1,535,130	149,337,359	1.03	3,607,066	234.97	411,772	145,563,496	0.28	3,044,138	739.28
Consumer banking	Housing mortgage (Note 4)		173,258	115,744,566	0.15	967,492	558.41	244,896	110,954,252	0.22	1,514,678	618.50
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		14,739	826,934	1.78	22,272	151.11	16,526	1,122,426	1.47	58,176	352.03
	Other (Note 6)	Secured	39,973	78,377,463	0.05	575,919	1,440.77	38,809	60,701,818	0.06	550,128	1,417.53
		Unsecured	7,349	5,157,478	0.14	52,275	711.32	4,067	4,878,686	0.08	54,537	1,340.96
Total			2,266,756	507,437,739	0.45	7,036,264	310.41	1,182,832	448,389,308	0.26	7,725,594	653.14
			Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit card			15,084	2,808,133	0.54	149,216	989.23	13,042	2,723,335	0.48	136,657	1,047.82
Accounts receivable factored without recourse (Note 7)			-	1,464,217	-	14,642	-	-	1,438,201	-	14,382	-
Excluded NPL as a result of debt consultation and loan agreements (Note 8)			-					-				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)			-					-				
Excluded NPL as a result of consumer debt clearance (Note 9)			-					-				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			57,250					56,978				

(Continued)

Date			December 31, 2012					January 1, 2012				
Business			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 498,288	$ 133,374,195	0.37	$ 2,824,090	566.76	$ 434,634	$ 111,309,452	0.39	$ 2,302,569	529.77
	Unsecured		285,954	143,756,723	0.20	2,796,730	978.03	279,970	147,812,213	0.19	2,542,246	908.04
Consumer banking	Housing mortgage (Note 4)		157,213	113,217,530	0.14	1,344,670	855.32	234,268	111,118,178	0.21	1,465,931	625.75
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small scale credit loans (Note 5)		15,098	986,335	1.53	60,326	399.56	17,977	1,194,867	1.50	62,603	348.24
	Other (Note 6)	Secured	58,567	68,377,337	0.09	688,132	1,174.95	18,274	53,329,189	0.03	424,054	2,320.53
		Unsecured	10,832	5,028,945	0.22	82,160	758.49	4,000	5,113,067	0.08	51,418	1,285.45
Total			1,025,952	464,741,065	0.22	7,796,108	759.89	989,123	429,876,966	0.23	6,848,821	692.41
			Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Accounts Receivable	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit card			12,409	2,390,307	0.52	134,607	1,084.75	13,622	2,497,397	0.55	113,173	830.81
Accounts receivable factored without recourse (Note 7)			-	1,516,266	-	15,163	-	-	1,683,924	-	16,839	-
Excluded NPL as a result of debt consultation and loan agreements (Note 8)			-					-				
Excluded overdue receivables as a result of debt consultation and loan agreements (Note 8)			-					-				
Excluded NPL as a result of consumer debt clearance (Note 9)			-					-				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			58,224					60,602				

Note 1: Nonperforming loans represent the amounts of nonperforming loans reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans."
Nonperforming credit card receivables represent the amounts of nonperforming receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit cards receivables: Nonperforming credit cards receivables ÷ Outstanding credit cards receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses on loans ÷ Nonperforming loans.
Coverage ratio of credit cards receivable: Allowance for possible losses on credit cards receivable ÷ Nonperforming credit cards receivable.

Note 4: Housing mortgage is fully secured by house, which is purchased (owned) by the borrower, the spouse or the minor children of the borrower and the rights on mortgage are pledged to the financial institution, for the purpose of purchasing or decorating house.

Note 5: Small scale credit loans, as categorized in accordance with the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), are unsecured loans with small amounts exclusive of credit cards and cash cards.

Note 6: Other loans of consumer banking refer to secured or unsecured loans exclusive of housing mortgage, cash card, small scale credit loans and credit card.

Note 7: As required by the Banking Bureau's letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as nonperforming receivables in three months after the factors or insurance companies reject indemnification.

Note 8: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt consultation and loan agreements is based on the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2013
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Equity investments under the equity method	1	$ 1,624,098	100.00	$ 1,624,098	Note
	Krinein Company	Indirect subsidiary	Equity investments under the equity method	2	467,758	100.00	467,758	Note
	Safehaven Investment Corporation	Indirect subsidiary	Equity investments under the equity method	1	46,209	100.00	46,209	Note
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Equity investments under the equity method	4	68,975	100.00	(23,834)	Note
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	75,608	45.00	75,608	
	CTS Travel International Ltd.	Indirect subsidiary	Equity investments under the equity method	600	6,574	100.00	6,574	Note
	Joy Tour Service Co., Ltd.	-	Financial assets carried at cost	100	1,000	8.33	-	
SCSB Life Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	5,394	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Property Insurance Agency	Geniron.Com.	-	Financial assets carried at cost	950	5,393	4.13	-	
	Prism Communication International Limited	-	Financial assets carried at cost	1,250	-	-	-	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Equity investments under the equity method	N/A	591,981	100.00	591,981	Note
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	1,920	7,098,364	9.60	7,098,364	Note
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Equity investments under the equity method	9,600	35,491,820	48.00	35,491,820	Note

Note: A consolidated entity; the related intercompany transaction was eliminated in the consolidated financial statements.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

RELATED INFORMATION OF INVESTEES
SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taipei City	Purchase and management of creditor's rights of financial institutions	100.00	$ 1,091,371	$ (15,832)	110,000	-	110,000	100.00	Note 3
SCSB Life Insurance Agency	Taipei City	Insurance	100.00	147,734	34,167	5,000	-	5,000	100.00	Note 3
SCSB Property Insurance Agency	Taipei City	Insurance	100.00	92,647	2,666	5,000	-	5,000	100.00	Note 3
SCSB Marketing Ltd.	Taipei City	Marketing	100.00	9,365	327	500	-	500	100.00	Note 3
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	209,635	5,315	500	-	500	100.00	Note 3
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	42,590,184	1,956,614	11,520	-	11,520	57.60	Note 3
Non-financial business										
China Travel Service (Taiwan)	Taipei City	Travel services	99.99	180,478	(3,465)	38,943	-	38,943	99.99	Note 3
Kuo Hai Real Estate Management	Taipei City	Building material distribution	34.69	-	-	3,000	-	3,000	34.69	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	44,466,863	1,944,440	5	-	5	100.00	Note 3
Wresqueue Limitada	Liberia	Securities investment	100.00	285,847	2,816	176	-	176	100.00	Note 3
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	1,624,098	1,506,525	1	-	1	100.00	Note 3
Krinein Company	Cayman Islands	Securities investment	100.00	467,758	301,514	2	-	2	100.00	Note 3
Safehaven Investment Corporation	Liberia	Securities investment	100.00	46,209	134	1	-	1	100.00	Note 3
Prosperity Realty Inc.	America	Real estate services	100.00	68,975	-	4	-	4	100.00	Note 3
Silks Place Taroko	Hualien	Travel services	45.00	75,608	(10,579)	20,372	-	20,372	45.00	
CTS Travel International Ltd	Taipei City	Travel services	99.99	6,574	55	600	-	600	99.99	Note 3
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	591,981	(14,185)	N/A	-	N/A	100.00	Note 3

Note 1: Investees are categorized into financial business and non-financial business.

Note 2: The Bank, board chairman, supervisors, managing directors, and the stock of investee companies invested by related parties which comply with corporation law are considered.

Note 3: Framework for the preparation of consolidated financial statement wrote off the whole amount on preparing the consolidate financial statement.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
JUNE 30, 2013
(Amounts in Thousands of New Taiwan Dollars and Foreign Currency)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying value as of June 30, 2013 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment as of June 30, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of June 30, 2013 (Note 3)	Accumulated Inward Remittance of Earnings as of June 30, 2013
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	US$ 20,000	(Note 1, d)	US$ 20,000	$ -	$ -	US$ 20,000	100.00	$ (14,185) (US$ (478))	$ 591,981 (US$ 19,740)	$ -
Bank of Shanghai	Approved by local government	US$ 22,953	(Note 1, d)	US$ 22,953	-	-	US$ 22,953	3.00	-	5,277,525 (US$ 175,982)	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Approved by local government	US$ 36,339	(Note 1, d)	US$ 36,339	-	-	US$ 36,339	57.60	68,088 (US$ 2,295)	1,556,177 (US$ 51,892)	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Approved by local government	US$ 18,348	(Note 1, d)	US$ 18,348	-	-	US$ 18,348	57.60	(13,165) (US$ (444))	955,260 (US$ 31,854)	-

2. Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission MOEA (Note 2)
2,928,126 (US$97,640)	2,928,126 (US$97,640)	NT$52,697,735

Note 1: Routes of investment in Mainland China are listed below:

a) Remittance via the third place
b) To set up a new company to invest
c) To invest an existing company in a third place that is invested by the Bank
d) To directly invest

Note 2: Under the "Regulatory Principles for Investments in Mainland China Enterprises by Banks, Financial Holding Companies, and Their Affiliated Enterprises", when a Taiwan bank or its third-area subsidiary bank applies to establish a branch or subsidiary bank, or make equity investment in Mainland Area, or a subsidiary company with over 50 percent of total outstanding voting shares or capital owned by Taiwan bank makes investments in Mainland Area, the cumulative allocated operating capital and total amount of investment combined shall not exceed 15 percent of the bank's net worth at the time of application.

Note 3: Calculated using the exchange rate on June 30, 2013.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2013
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	$ 151,188	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	8,408	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	117	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	78,667	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	994	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	87,733	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	404	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	60	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	197	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	6,234	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	395	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	450	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	335,741	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	171	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	94	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	$ 858	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Deposits and remittances	11,570	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Accounts payables	5	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Net revenues other than interest	39	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Other general and administrative	23,455	Note 4	-
		SCSB Marketing	Represents the transactions from parent company to subsidiary	Interest expenses	38	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	27,408	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	34	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	1	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative expense	354	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	360	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	4,000	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	5,050	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,646	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	4	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	9	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	226,316	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,315,202	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payable	1,641	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	7,583	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	84	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to the Central Bank and banks	1,113,437	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	$ 1,546,440	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expenses	6,505	Note 4	-
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	151,188	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	8,408	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	117	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	78,667	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	994	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	395	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	87,733	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	404	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	60	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	197	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	6,234	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	395	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	450	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	335,741	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	171	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	94	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	858	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	$ 11,570	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	5	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	39	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	23,455	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	38	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	27,408	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	34	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	1	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	4,000	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	354	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative	360	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	961	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	1,200	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	5,050	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,646	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	4	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	9	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	1,200	Note 4	-
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	226,316	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	1,315,202	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivable	$ 1,641	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	6,505	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	84	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	1,113,437	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	1,546,440	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	7,583	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	961	Note 4	-

Note 1: The transactions between parent company and subsidiaries should indicate the number filled in the column like follows:
i. Parent company fill in 0.
ii. Subsidiaries in accordance with the company are numbered sequentially from 1.

Note 2: There are three types of relations in companies and only have to mark their type in nature of relationship column:
i. Transactions from parent company to subsidiary.
ii. Transactions from subsidiary to parent company.
iii. Transactions from subsidiary to subsidiary.

Note 3: The percentages are calculated by the consolidated total assets or the consolidated total net sales. If the account belongs to balance sheets, it will be counted by the percentage of its final amount divided by the consolidated total assets. Otherwise, if the account belongs to income statement, it will be counted by the percentage of its average amount divided by the consolidated total net revenue.

Note 4: All transactions with related parties were carried at arm’s length.

(Concluded)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2012
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
0	The Shanghai Commercial & Savings Bank, Ltd.	SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	$ 174,976	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	33,493	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	130	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	183	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	149,527	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	367	Note 4	-
		SCSB Life Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	872	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Deposits and remittances	83,818	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts receivables	519	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Accounts payables	60	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Other liabilities	183	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Service fee incomes, net	7,058	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Net revenues other than interest	367	Note 4	-
		SCSB Property Insurance Agency	Represents the transactions from parent company to subsidiary	Interest expenses	440	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	644,342	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	231	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	47	Note 4	-
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	90	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		SCSB Asset Management Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	$ 1,494	Note 4	-
		SCSB Marketing Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	10,626	Note 4	-
		SCSB Marketing Ltd.	Represents the transactions from parent company to subsidiary	Other liabilities	20	Note 4	-
		SCSB Marketing Ltd.	Represents the transactions from parent company to subsidiary	Net revenues other than interest	37	Note 4	-
		SCSB Marketing Ltd.	Represents the transactions from parent company to subsidiary	Other general and administrative	22,083	Note 4	-
		SCSB Marketing Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	38	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Deposits and remittances	11,194	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest revenues	5	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Interest expenses	22	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts payables	7	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other general and administrative	373	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Discounts and loans	5,000	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Accounts receivable	6,000	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Net revenues other than interest	343	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from parent company to subsidiary	Other liabilities	180	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	5,374	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,784	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Interest expenses	9	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Accounts payables	9	Note 4	-
		CTS Travel International Ltd.	Represents the transactions from parent company to subsidiary	Other general and administrative expense	1,162	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Cash and cash equivalents	188,593	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Deposits and remittances	1,305,329	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Accounts payables	1,567	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Interest expense	$ 3,376	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Borrowing from the central bank and other banks	1,156,650	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due to banks	70	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from parent company to subsidiary	Due from the Central Bank and call loans to banks	1,544,752	Note 4	-
						Note 4	
1	SCSB Life Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	174,976	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	33,493	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	130	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	183	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	149,527	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	367	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	872	Note 4	-
2	SCSB Property Insurance Agency	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	83,818	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	183	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts payables	519	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	60	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Service fee incomes, net	7,058	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	367	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	440	Note 4	-
3	SCSB Asset Management Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	644,342	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	231	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	47	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction: Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	$ 90	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	1,494	Note 4	-
4	SCSB Marketing	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	10,626	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	20	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other general and administrative expense	22,083	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	37	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	38	Note 4	-
5	China Travel Service (Taiwan)	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	11,194	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	180	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest expenses	5	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	22	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	7	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Net revenues other than interest	373	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Bank loans	5,000	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other liabilities	6,000	Note 4	-
		Shancom Reconstruction Inc.	Represents the transactions from subsidiary to subsidiary	Cash and cash equivalents	29	Note 4	-
6	CTS Travel International Ltd.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	5,374	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Other assets	1,784	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenues	9	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Accounts receivables	9	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Other general and administrative expense	1,162	Note 4	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transaction			
				Financial Statements Item	Amount	Term	Percentage of Consolidated Total Gross Sales or Total Assets (Note 3)
7	Shancom Reconstruction Inc.	The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due to the Central Bank and banks	$ 188,593	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	1,305,329	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest receivable	1,567	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Interest revenue	3,376	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Cash and cash equivalents	70	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Due from the Central Bank and call loans to banks	1,156,650	Note 4	-
		The Shanghai Commercial & Savings Bank, Ltd.	Represents the transactions from subsidiary to parent company	Borrowings from the Central Bank and banks	1,544,752	Note 4	-
		China Travel Service (Taiwan)	Represents the transactions from subsidiary to subsidiary	Deposits and remittances	29	Note 4	-

Note 1: The transactions between parent company and subsidiaries should indicate the number filled in the column like follows:

i. Parent company fill in 0.
ii. Subsidiaries in accordance with the company are numbered sequentially from 1.

Note 2: There are three types of relations in companies and only have to mark their type in nature of relationship column:

i. Transactions from parent company to subsidiary.
ii. Transactions from subsidiary to parent company.
iii. Transactions from subsidiary to subsidiary.

Note 3: The percentages are calculated by the consolidated total assets or the consolidated total net sales. If the account belongs to balance sheets, it will be counted by the percentage of its final amount divided by the consolidated total assets. Otherwise, if the account belongs to income statement, it will be counted by the percentage of its average amount divided by the consolidated total net revenue.

Note 4: All transactions with related parties were carried at arm's length.

(Concluded)